Weekend FT

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An official massacre in Brazil
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The race for European car of the year
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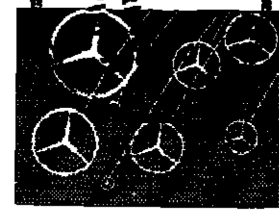

Southern comfort

Stars fall on Alabama
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FINANCIAL TIMES

Europe's Business Newspaper · WEEKEND OCTOBER 2/OCTOBER 3 1993 · D8523A

Indian earthquake death toll rises to over 11,000

The official death count from the earthquake in India rose yesterday to almost 11,500 amid fears that the final toll could reach 28,000. Rain hampered the efforts of Indian rescue teams, while thousands of villagers, many bereft of family, home and belongings, helped dispose of the bodies of the dead. Page 3

Major dismisses threat: British prime minister John Major dismissed the possibility of a November challenge to his leadership amid signs that the right of the Conservative party cannot muster enough backing for a contest. Page 4

Britain lifts another layer of secrecy:

The government peeled another veil off Britain's intelligence services with the launch of a guide to Whitehall's intelligence machinery and the job of the information-gathering agencies. It was also announced that career diplomat Pauline Neville-Jones (left) is to chair the Joint Intelligence Committee, which oversees the work of the intelligence services. Page 4

$1bn backing for Mideast peace: Participants at a conference on financial support for the Israeli-PLO peace accord pledged to contribute $1bn over the first two years of the effort to bring the West Bank and Gaza under Palestinian rule. Page 3

Nigerian protest rally foiled: Police in Lagos fired tear-gas and arrested 39 pro-democracy activists to prevent a rally calling for the restoration of full democracy in Nigeria. Reform promised, Page 3

Banesto cuts stake: The big Spanish bank has cut its stake in stainless steel maker Acerinox from 37 per cent to 8 per cent and plans to buy out minority share holders in Corporacion Banesto, umbrella company for its industrial assets. Page 10

Swissair said its planned collaboration with KLM Royal Dutch Airlines, Scandinavian Airlines System and Austrian Airlines could add SFr1.6bn (£730m) to the combined profits of the four companies after three years. Page 10

FKI acquisition: The UK electrical-engineering group is buying the Truth lock and hinge-making division of SPX Corporation of the US for $102.5m (£66.5m) – FKI's first big acquisition since demerging from Babcock International in 1989. Page 8

Doing nicely: The US government is switching its travel card account - reckoned to be the world's biggest commercial charge card account – to American Express after 10 years with Diners Club. The deal is expected to save US taxpayers $120m (£77.9m) over the next five years. Page 22

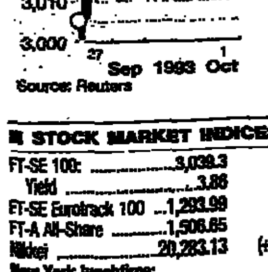
Palace doors closed: London's Buckingham Palace ushered out its last paying visitor after an eight-week experiment in which it opened its doors to an estimated 380,000 people. The venture was aimed at raising £1.57m towards the cost of repairing fire-damaged Windsor Castle.

Cars recalled: Ford is recalling 57,000 Mondeo saloons in Britain because of a small defect in the handbrake lever. The right-hand drive cars were made between in Belgium between March and June this year.

Good cells guide: A French lawyers' union has issued a good police cells guide to Paris. Hospitable lock-ups win three gold police caps, but the worst police station is rated "more dangerous inside than outside on the street."

FT-SE 100 Index

Hourly movements



Source: Reuters

London shares: End-of-trading-account manoeuvres curbed a confident start to the final quarter on the London stock market. The FT-SE 100 Index ended at 3,039.3, a net 1.8 points higher on the day. At last night's close, the Footsie was just over 34 points higher on the week. Page 13; Weekend FT, Page II

■ STOCK MARKET INDICES

FT-SE 100:	3,039.3	(+1.8)
Yield	3.88	
FT-SE Eurotrack 100	1,293.99	(+0.97)
FT-A All-Share	1,506.65	(+0.0%)
Nikkei	20,283.13	(+177.42)
New York lunchtime:		
Dow Jones Ind Ave	3,575.24	(+20.12)
S&P Composite	460.35	(+1.42)

■ US LUNCHTIME RATES

Federal Funds:	$3\frac{1}{16}$%
3-mo Treas Bills: Yld	2.972%
Long Bond	$103\frac{3}{4}$
Yield	5.974%

■ LONDON MONEY

3-mo Interbank	$5\frac{15}{32}$%	(Same)
Liffe long gilt future:	Dec $113\frac{1}{32}$	(Dec $113\frac{1}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$17.35	(17.49)

■ Gold

New York Comex Dec	$356.9	(357.1)
London	$355.2	(355.25)

■ STERLING

New York lunchtime:		
$	1.5055	
London:		
$	1.5055	(1.4955)
DM	2.455	(2.4475)
FFr	8.5625	(8.5125)
SFr	2.145	(2.1375)
Y	159.5	(158.75)
£ Index	80.2	(79.7)

■ DOLLAR

New York lunchtime:		
DM	1.6303	
FFr	5.686	
SFr	1.4245	
Y	106.05	
London:		
DM	1.631	(1.6365)
FFr	5.6875	(5.6925)
SFr	1.4245	(1.43)
Y	106.0	(106.1)
$ Index	65.3	(65.2)

Tokyo close Y 106.38

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Tietmeyer affirms commitment to D-Mark stability

New Bundesbank president rejects role as central banker for whole of Europe

By David Waller in Frankfurt

MR HANS TIETMEYER launched his term as president of the Bundesbank yesterday with a strong affirmation of the German central bank's commitment to monetary stability.

Speaking in Frankfurt at a ceremony to mark the handover from Mr Helmut Schlesinger, Mr Tietmeyer underscored the Bundesbank's commitment to bringing down German inflation, emphasising that that would continue to take precedence over broader international considerations.

The Bundesbank's "central and most important task" remained the defence of the stability of the D-Mark, Mr Tietmeyer said. "This is not only our task as defined by law but also my personal conviction."

Germany's central bankers were not "stability fanatics", he said, and the Bundesbank would go on considering the international implications of its interest rate policy – but there was no scope for the Bundesbank to act as a central bank for the whole of Europe.

That was not selfish "egotism", Mr Tietmeyer added, but "just the opposite: in the future Europe will need a stable German anchor currency and a politically and economically stable Germany."

Taking over from Mr Schlesinger after a period of turmoil in European currency markets, with Germany in deep recession, Mr Tietmeyer's pitched his inaugural address at domestic and international observers of German monetary policy.

For the domestic audience, he took pains to explain the limitations of the Bundesbank's interest rate policy, repeating his predecessor's argument that the Bundesbank could not be expected to bail out German industry by reducing the cost of money. Government, industry and unions had to play their part.

"Even if a [German] recovery soon gets under way, many structural problems have yet to be solved," he said. "Interest rate cuts which are not justified in terms of our stability objectives cannot solve economic or structural problems. Such measures would undermine confidence in the value of money."

Mr Tietmeyer dismissed arguments that widening the bands within the European exchange rate mechanism after this summer's upheaval in currency markets had dealt a death blow to European monetary union. The move had created a chance for European countries to stick to co-operation plans in difficult circumstances.

Speaking at the ceremony, Chancellor Helmut Kohl lent his support to the Bundesbank's policy, saying the stability of a currency remained decisive in determining a country's attractiveness as a place to do business.

In his farewell speech, Mr Helmut Schlesinger said that monetary stability was not a "German obsession" but rather provided a "guarantee of political and social stability, of personal freedom and justice, and a bond which links the east and west of our Fatherland better than anything else."

On one of the principal Bundesbank messages for foreign consumption, there was no ambiguity yesterday. Speaker after speaker rammed home to the assembled politicians, businessmen and bankers Germany's claim to house the mooted European Central Bank (ECB) in Frankfurt.

The Patriarch of Moscow, who is mediating between the Russian parliament and President Yeltsin's supporters, at his headquarters yesterday. Behind him is an aide. Deal rejected, Page 2 Reuter

Lufthansa to form link with United Airlines

By Paul Betts, Aerospace Correspondent

LUFTHANSA of Germany and United Airlines of the US are to form a partnership which will link two of the world's biggest airline networks.

The far-reaching co-operation agreement the two companies will announce in Frankfurt on Monday is expected to increase the growing consolidation of the international airline industry.

The Lufthansa-United deal will follow a series of other transatlantic partnerships including British Airways' acquisition of a 24 per cent stake in USAir; a recent co-operation agreement between Air France and Continental; cross-shareholdings between Swissair and Delta Air Lines; and KLM Royal Dutch Airlines' partnership with Northwest Airlines.

Although the Lufthansa-United partnership is not expected to involve an equity swap, it will include ticket code-sharing, enabling the two carriers to have access to each other's extensive route networks.

The deal is expected to include collaboration on frequent-flyer programmes and the sharing of airport facilities.

Lufthansa and United had been scouting for a big transatlantic partnership to strengthen the global reach of their respective airlines. United and BA unsuccessfully attempted an alliance four years ago, while Lufthansa had negotiated with USAir before the American carrier decided to link up with BA.

Lufthansa had during the past six months been negotiating an alliance with either United or American Airlines, but the talks hinged on negotiations on a new bilateral aviation agreement between the US and German governments.

The two countries reached an agreement last week, clearing the way for a partnership between Lufthansa and a US carrier.

Lufthansa, with a total fleet of 226 aircraft, will now have access to the 200 US domestic cities served by United, the second-

Continued on Page 22
Lex, Page 22

Second consortium to bid for UK lottery

By Tony Jackson

THE BATTLE to run Britain's proposed national lottery began in earnest yesterday as a second contestant entered the field.

The new consortium, known as Camelot, links a group of corporate heavyweights: the confectionery and drinks group Cadbury Schweppes, the computer manufacturer ICL, security printer De La Rue, Racal Electronics and GTech, a US company which claims to be the world's biggest lottery operator.

The cost of setting up the lottery is estimated at between £100m and £150m. Analysts suggest that its gross turnover in the first year could be £1.5bn, rising to £4bn-£5bn in the next three or four years.

The other contender, the Great British Lottery Company, consists chiefly of media companies such as Granada, Carlton Communications and Associated Newspapers.

Camelot, headed by Sir Ron Dearing, the former Post Office chairman, is made up of companies claiming expertise in running the lottery. The exception, Cadbury, is presented as the expert in consumer marketing and distribution.

Camelot said ICL would manufacture terminals to be installed at outlets such as corner shops, and would train retailers. De La Rue would supply tickets, and Racal would provide the communications through its existing nationwide electronic system, the Government Data Network.

The lottery system used would be that already developed by GTech, which claims to operate 62 lotteries worldwide, including 15 in Europe.

Other contestants known to be contemplating bids include Rank Organisation, the leisure group, and N.M. Rothschild, the merchant bank, which is teaming up with the Australian lottery operator Tattersall's.

Ladbroke Group, the hotel and leisure company, said yesterday: "We are in discussion with various people on putting a consortium together, but until we get a closer look at the government's proposals we are holding fire".

Another rumoured contender, Thorn EMI, the music and rentals group, confirmed it had been approached by "another large company" about taking part in a consortium. While no decision had yet been made, any involvement would be as a passive investor, Thorn said.

The Post Office said it was "very interested" in the lottery. It would not be bidding to operate it but would seek an agreement with the winning consortium to distribute tickets and winnings through its 20,000 outlets.

Lex, Page 22

Hype is hyped as Thatcher memoirs near publication

By Raymond Snoddy and David Owen

BRITAIN is bracing itself for a blizzard of hype. The imminent publication of the political memoirs of Baroness Thatcher, the former prime minister, is becoming a publishing and political phenomenon unparalleled in the post-war era.

Even the hype is being hyped. Television cameras will tonight film The Sunday Times newspaper coming off the presses. It will carry an exclusive interview with Lady Thatcher to tout the newspaper serialisation that precedes the worldwide publication of The Downing Street Years on October 18.

"It will be of considerable significance for the Conservative party and the constitution," Mr Andrew Neil, The Sunday Times editor, said of the interview.

The interview was a consolation prize. Mr Neil wanted to begin the five-week serialisation tomorrow – before next week's Conservative Party conference at Blackpool. Lady Thatcher said "no" and informed Mr Neil it was "a deal-breaker". The Sunday Times decided to delay by a week the serialisation, which Mr Neil hopes will add between 50,000 and 100,000 to his paper's 1.27m sales. "To the political classes, this book is the equivalent of the Andrew Morton's Princess Diana," said Mr Neil.

Mr Eddie Bell, chief executive of publisher HarperCollins – which like the Sunday Times is part of Mr Rupert Murdoch's international media empire – began to realise he might have a phenomenon on his hands in May at a dinner for the world of bookselling and publishing at London's Berkeley Hotel.

Lady Thatcher told the gathering, including many people with socialist or social democrat inclinations, that she was planning to market the book with a two-week tour of the UK followed by a two-week tour of the US. But mostly she told them about Britain and how she wanted to see it great again.

"It was incredible. She got a 10-minute standing ovation," says Mr Bell, who has read the book twice and describes it as "an absolute page-turner".

Mr Bell's head is on the block because he has paid, it is believed, a total of £3.5m, including serialisation rights, for the book and a sequel about Lady Thatcher's early years.

So far the orders are as impressive as the advance. By yesterday UK booksellers had subscribed for – that is, ordered in advance on a sale-or-return basis – 247,000 copies. Two reprints are already completed and another is likely before publication.

Nearly 200,000 copies have been ordered in the US. The book will be available all over the English-speaking world by October 18 and there will be simultaneous editions in translation in 11 countries.

The book is not a chronological account of her 1979-90 premiership, but covers themes such as the Falklands 1982 conflict and the 1984-85 miners' strike. The Falklands chapter is said by those who have read the book to be particularly strong, with details of decision-making, almost minute-by-minute, at the highest levels.

Movers and shakers in the political world expected the memoirs to be a frank and informative read. But they did not think Mr John Major, Lady Thatcher's successor as prime minister, needed to lose much sleep over them.

Certainly, the mood at Conservative Central Office appears relaxed. One senior official said yesterday that since Lady

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 13.0; Canada C$1.40; Croatia HRD5700; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rm4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway NKr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rs11.00; Singapore S$4.10; Slovak Rep KSL45; Slovenia SLT220; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

No 32,181 Week No 39 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: INTERNATIONAL

Luxembourg ponders end to Belgian franc link

By Andrew Hill and Lionel Barber in Brussels and Conner Middelmann in London

LUXEMBOURG is drawing up contingency plans in the event of the Belgian currency being floated and a possible end to the 71-year-old currency link between the two countries.

Both the government and the Grand Duchy's many banks are looking at the impact that devaluation of the Belgian franc against the D-Mark might have on the Luxembourg economy.

But it is already clear to highly-placed observers of the Luxembourg economy that it would be politically difficult, if not impossible, to break the currency link.

Market rumour about a possible rupture between the Belgian and Luxembourg francs was fuelled on Thursday by Luxembourg's announcement of the terms for its first public bond auction. Bond traders were surprised that the coupon on the Luxembourg 10-year bond was substantially lower than the yield on Belgian 10-year bonds, in spite of the fact that the currencies are interchangeable.

Luxembourg believes breaking the link would have drastic consequences for the future of European monetary union, because it would break up the central core of EC currencies around the D-Mark. It would also leave the Luxembourg franc exposed to heavy speculation on international currency markets.

The most realistic alternative to currency association with Belgium would be direct links with Germany. That would be an unpalatable solution for many older Luxembourgers, who still remember wartime occupation by their neighbour. It would also leave Luxembourg with little or no say in the Bundesbank's decisions on monetary policy, whereas Belgian bank decisions are taken in collaboration with the Grand Duchy's authorities.

Belgium and Luxembourg have been part of a currency association and economic union since 1922, and the agreement to link currencies was renewed for a further 10 years last year.

The Belgian national bank, which refuses to comment on the future of the link, has consistently and strongly denied that it is considering floating the franc. But Belgium's firm strategy of shadowing the D-Mark has come under increasing pressure since August's currency crisis, when the fluctuation bands of the European exchange rate mechanism were relaxed.

Having raised interest rates to counter speculation against the franc last month, the Belgian central bank has since announced four cuts in the central rate.

Luxembourg has examined cutting the link with the Belgian franc once before, in 1982, after the currency was devalued. Then it was warned that breaking the link would have negative consequences for the Grand Duchy.

Relinquishing the Belgian franc peg would prove very damaging for Luxembourg's 200 or so banks, which have substantial assets in the Belgian currency, especially bonds.

Tensions grow over threat to VW jobs

By Christopher Parkes in Frankfurt

SIGNS of tension between the Volkswagen management and its largest shareholder, the Lower Saxony government, emerged yesterday as confusion grew over the future of VW's Spanish subsidiary, Seat.

Mr Gerhard Schröder, the Social Democrat prime minister of Lower Saxony, where most VW production is based, made plain that his main preoccupation was the protection of jobs and factories in his constituency.

He issued a statement yesterday after Spanish union leaders proclaimed on German television that the threat of closure hanging over Seat's Zona Franca factory in Barcelona, which employs 10,500, had been lifted.

Jubilant Spanish broadcasters quoted the officials as saying they were "enormously satisfied" by talks with senior VW group executives in Wolfsburg.

Volkswagen officials were markedly more circumspect, cautioning that the crisis at Seat, heading for a DM1.25bn (£500m) loss this year, was to be "investigated".

A formal statement issued after the talks said only that the Seat management and worker representatives would examine ways of securing the future of Seat, "especially in the light of the critical situation" at Zona Franca.

Mr Schröder, a member of the VW supervisory board which hires and fires executives, is considered likely to resist any significant backtracking on rationalisation plans for Spain.

If VW, which is heading for a loss this year, cannot make considerable savings elsewhere, then the board may have to step up its hitherto modest programme of job cuts in Germany.

Volkswagen employs more than 110,000 in Germany, almost half in its home base in Wolfsburg.

"The security of jobs and production sites in Lower Saxony and the well-being of the whole group are the primary concerns of state government policy," Mr Schröder said.

He added that he did not want to be involved in negotiations on restructuring Seat. Decisions affecting the subsidiary were exclusively a matter for management, he said.

And he responded coolly to proposals from Spain that he should meet political leaders from Seat's home region, Catalonia.

Yesterday's events were prompted by a mid-week clash after which Mr Juan Antonio Díaz Alvarez, Seat chairman, resigned when his proposals for restructuring Seat were rejected as "insufficient" and "too soft" by the VW group board.

Negotiations will continue next week, when Mr Ferdinand Piëch, VW chairman, and his controversial production director, Mr José Ignacio López de Arriortúa, will meet national and regional officials in Spain.

Russia's rebel parliament turns down deal to surrender arms

By John Lloyd in Moscow

A DEAL to end the siege of the Russian parliament was rejected yesterday by the rebel deputies.

The deal agreed by presidential and parliamentary negotiators would have restored services to the White House in exchange for deputies and their supporters handing in most of their weapons.

Mr Boris Yeltsin, the Russian president, gave a curt television interview in which he insisted that the handing over of weapons was an indispensable precondition to talks. "It is difficult even to deal with them [the deputies]," he said.

Although the White House defenders stayed put, the government has won a propaganda battle in making the parliamentary side appear to be fighting less to defend the constitution than for the right to remain armed.

In the White House, where electricity was restored for a few hours this morning before being cut off again, General Alexander Rutskoi, the former vice president named as acting president by the deputies, said that arms would only be "stored" once the thousands of troops ringing the parliament were removed.

Mr Sergei Filatov, the president's chief of staff and head of his negotiating team, said last night that "experts" from both sides would meet overnight to discuss measures on disarming the White House. The negotiators would meet again this morning under the aegis of the Russian Orthodox Church Patriarch Alexei II in his headquarters in the Donskoi Monastery in Moscow.

Mr Yuri Luzhkov, Moscow's mayor, said the president's side would insist that all weapons other than those legally held by the parliamentary guard must be stored under seal by officials of the Interior and Security Ministry. He estimated there were more than 2,000 weapons in the White House, including machine guns, grenade launchers and "so-called missiles". These weapons were in the hands of 600 paramilitaries who were organised in at least five independent groups.

It was not clear, he said, that the parliamentary side would or could negotiate. The original negotiators, Mr Ramazan Abdulatipov and Mr Veniamin Sokolov, chairmen of parliament's two chambers, had agreed the original protocol to disarm – and had been repudiated.

A second team, led by Mr Yuri Voronin, a hardline deputy chairman of parliament, had refused to sign any protocol: Mr Filatov said: "I have the impression that they don't want these talks."

Pro-Yeltsin deputies last night attacked aspects of Mr Yeltsin's proposals to replace the old parliament with a new body. They complained that Mr Yeltsin had not fulfilled the terms of an agreement with them to increase the numbers of deputies to be elected on a party list system to the State Duma – the lower house of the proposed new federal assembly.

Duilio Poggiolini is led away by Italian police after his extradition from Switzerland Associated Press

Moscow protagonists fear revolt by regions

The struggle between Yeltsin and parliament is not the only conflict in Russia, writes John Lloyd

THERE is one thing the two sides in the conflict between president and parliament in Russia can agree on – the danger of the disintegration of Russia.

They both fear the pulling away from a weakened centre by the 88 regions and republics of the federation, and their establishment as autonomous or even independent states.

There is much evidence that this is happening. A series of meetings of rebel councils (regional parliaments) over the past week brought together leaders of councils hostile to President Boris Yeltsin's banning of parliament last week and produced demands to reverse the decision and to hold simultaneous elections for the presidency and parliament on pain of strikes, withholding of taxes and cutting the Trans-Siberian railway.

A meeting in Moscow brought together nearly 60 of the council leaders of republics and regions – with some 14 chief executives, a significant number given they were Yeltsin appointees.

Militant leaders of the regional lobby have appeared. Mr Aman Tuleev, head of the Kemerovo Regional Council, and President Nirsan Ilyumzhinov, newly elected leader of the republic of Kalmykia, have taken the national stage to denounce Mr Yeltsin and support the parliament. Mr Ilyumzhinov looking a little improbable in that role since he abolished his own Supreme Soviet earlier this year (he says with its agreement) and has espoused the most extreme free market principles.

Plans to form both a Siberian and Urals Republic, which predate the present political crisis, are said to be advanced.

Further, since on all available opinion polls Mr Yeltsin's stock has gone up with the voters countrywide, it is legitimate to ask how far the regional councils reflect the opinion of the people they govern.

The region of Nizhny Novgorod, well known for its espousal of market ideas, illustrates the strains between the governor, Mr Boris Nemtsov, and the leader of the council, Mr Valery Christianin. These two men are close politically and personally – yet the former has broadly supported Mr Yeltsin and the second presided over a session of his council on Tuesday which passed a motion condemning the president's actions and said his writ did not run in the region.

Closer examination, however, reveals that the division is more apparent than real. The meeting of the council on Tuesday substantially toned down a much fiercer resolution taken immediately after Mr Yeltsin's decree last week. Tuesday's vote merely calls on the president and the parliament to obey the law – though it repeats the call for simultaneous elections. Mr Evgenny Zakablukovsky, an aide to Mr Christianin, said yesterday that Mr Nemtsov and Mr Christianin were sitting together after the vote and were laughing together: nothing seemed to have changed between them.

If Mr Yeltsin wins his struggle with the parliament, he may find that the more extreme voices in the regions quickly drop their rhetoric of the past few days. However, the basic problems will remain. The centre's weakening grasp on the regional economies will strengthen only when it demonstrates its ability to take and to give in the interests of all. Senior ministers are out in the regions this weekend carrying the message that government can and will govern: they have a sceptical audience, but not one that is wholly lost to them yet.

Cummins in engine deal with Kamaz

By Leyla Boulton in Moscow

CUMMINS, the US diesel engine maker, and Kamaz, the Russian truck producer, are to build a $300m (£195m) engine plant after a fire in April wiped out half Kamaz's uninsured engine-producing capacity.

Mr Henry Schacht, Cummins' chairman, said the new plant, to produce 50,000 diesel engines a year, could come on stream in 1996-7, and marked a "larger project on a much shorter time scale" than earlier plans for a joint venture to produce just 20,000 engines.

He said the "world class plant" would be financed by a mixture of equity investment by both companies, and loans from international financial institutions. These are likely to include multilateral organisations such as the European Bank for Reconstruction and Development. The bank has been hard-pressed to find Russian investment projects, as western commercial banks have stopped financing Russian projects without official western guarantees.

Mr Nikolai Bekh, chairman of Kamaz, said he hoped the new engines would enable Kamaz to increase truck exports to the west from 12 to 30 per cent of output.

Former Italian civil servant faces charges over ingots

By Robert Graham in Rome

A FORMER senior civil servant in the Italian Health Ministry is having difficulty explaining how he came to possess gold bars, coins and jewellery worth some L200bn (£83.8m). This is only part of the wealth magistrates have uncovered in the past week which Mr Duilio Poggiolini claims to have earned from "consultancy".

Four Italian bank accounts with funds totalling L17bn, plus another one in Geneva holding SFr11m (£5m), have been traced to Mr Poggiolini and his wife.

Milan and Naples magistrates investigating large-scale bribery and corruption in the Health Ministry allege that Mr Poggiolini abused his role as the official in charge of approval and distribution of pharmaceuticals to enrich himself on an unprecedented scale. This is the biggest collection of wealth unearthed by magistrates in the 18-month investigations into corruption.

In one of Mr Poggiolini's flat a stockpile of 100 gold bars was found that included eight ingots of one kilo.

There was also a hoard of gold sterling coins, krugerrands, and special gold mintings from countries ranging from the Soviet Union to Haiti and the Central African Republic.

Mr Francesco de Lorenzo, the Liberal health minister under whom Mr Poggiolini last served, was last week protected from arrest by a parliamentary vote. But he faces charges of corruption relating to money allegedly extorted from pharmaceutical companies.

Croatia holding firm to demands for peacekeepers

By Laura Silber in Belgrade and Frances Williams in Geneva

CROATIA yesterday played a game of brinkmanship at the United Nations, holding firm to demands for a tougher peacekeeping mandate to enforce Serb rebels to comply with a peace plan.

UN diplomats yesterday sought backing from Russia for a compromise proposal for a new mandate for the 14,000-strong peacekeeping force in Croatia. Russia on Thursday blocked the proposal which linked the lifting of severe sanctions on Serbia and Montenegro to the resolution of the stand-off in Croatia.

Croatian officials were disappointed that it stopped short of empowering peacekeepers to give Zagreb control over Serb-held territory, which accounts for one-third of Croatia and cuts the country in two.

In an effort to avert an all-out war between Serbia and Croatia, the Security Council yesterday tried to renew the mandate, after gaining a 24-hour extension to persuade the Russians to back the plan.

In Geneva meanwhile, the international mediators in the Bosnian conflict, Lord Owen and Mr Thorvald Stoltenberg, said they had no immediate plans to reconvene the talks between the three warring factions, following the rejection of the latest peace plan by the mainly Moslem Bosnian parliament on Wednesday.

The mediators yesterday met Mrs Sadako Ogata, UN High Commissioner for Refugees, and General Jean Cot, the UN force commander in ex-Yugoslavia, to discuss how to protect the humanitarian relief effort if the war continues.

Meanwhile, UNHCR officials said the agency had raised only half the $350m (£227m) estimated cost of its "winterisation" programme for Bosnia.

Law on holiday pay cuts agreed

The German parliament yesterday passed a law which will allow employers to cut salaries by 20 per cent on 10 national holidays in order to help pay for a new nursing insurance scheme, writes Ariane Genillard in Bonn.

The law aims to compensate employers who will be faced with additional insurance contributions – estimated at DM13bn (£5.2bn) in the first year – to cover the costs of the new health scheme for the old and handicapped. It has yet to be passed by the opposition-controlled upper house.

Nato allies to reassure Yeltsin

By David White, Defence Correspondent

THE main Nato allies will try to reassure Russia about the prospects for an early enlargement of the alliance without ruling out the possibility that some eastern European countries may eventually join.

Britain, France, Germany and the US will co-ordinate their responses to a letter from President Boris Yeltsin warning against an expansion of Nato and proposing joint arrangements for guaranteeing the security of eastern Europe.

The letter was sent to the countries which were party to the 1990 "Two plus Four" treaty on German unification.

Although Russian officials said the contents of the letter were confidential, they made clear that Moscow considered an extension of Nato would be in conflict with the spirit of the treaty.

The treaty, which allowed the whole of Germany to be part of Nato, prohibited the stationing of foreign troops or nuclear weapons in former eastern Germany. British officials said they rejected Moscow's interpretation of this as precluding enlargement of the alliance. Article 10 of The North Atlantic Treaty stipulates that any other European state may be invited to join.

Mr Yeltsin's initiative is seen as a bid to rectify what appears to have been a rash statement during a recent visit to Warsaw, when he indicated that Russia would have no objection to Poland's joining Nato. This was poorly received by Russia's military establishment, which sees Russia threatened with isolation next to an overwhelmingly dominant military bloc.

Nato's policy towards countries such as Poland, the Czech Republic, Slovakia and Hungary, which all aspire to join, is set to be the focus of an alliance summit in January. France and Britain, in particular, have been urging caution.

In Germany, Chancellor Helmut Kohl's office said it saw Mr Yeltsin's letter not as a rebuff "but as an offer of co-operation".

Italians begin to learn the economic facts of life

After decades of cushioned existence, the harsh truth of unemployment is now striking home, writes Robert Graham

JOB LOSSES across Italian industry are bringing home the harsh truth that the long-hallowed concept of job security has ended.

On present trends, 400,000 workers are likely to lose their jobs this year, bringing the unemployment rate to 11 per cent of the active population.

The jobs squeeze, which began in 1991, cannot simply be blamed on the domestic recession and slack growth among Italy's trading partners. A significant part of unemployment is occurring in mature or loss-making industries such as chemicals/fertilisers, construction, defence steel and shipbuilding.

The restructuring problems of state-run companies have tended to be felt most acutely among their sub-contractors. The latter have been the first to shed labour and protests have broken out across the country.

In the south, where unemployment is running at 23 per cent or more, frustrated workers have staged violent and angry protests. Only spectacular gestures, such as the violent occupation of the chemicals plant at Crotone earlier this month, draw the attention of Rome and move public opinion.

Occupying the railway lines is one of many desperate tactics used by workers to highlight factory closures. Demonstrators have blocked the Italian railways 11 times this month, occupying the lines for 200 hours.

In the north, where the unemployment rate averages 7 per cent, the protests over job losses have been more disciplined. This is because trades unions exercise greater control and believe in demonstrating their strength through formal strikes and street marches.

Unemployment is being exacerbated by two factors. Successive Italian governments having ignored EC demands to cut subsidies to state industries, the Ciampi administration is now obliged to adhere to Community norms in a hurry.

In the case of steel this is going to mean unspecified but substantial job cuts.

At the same time the need to reduce the public sector deficit is forcing through large-scale privatisation and this inevitably means job losses. Much of the state sector has previously padded payrolls and personnel recommended by politicians.

The shock is all the greater since Italy has no formal unemployment benefit. Instead,a system has evolved of funding redundancy through state and employer contributions.

A person laid off can obtain up to 80 per cent of salary for two years. Unless a special case can be made, the pay-packet is thereafter cut to a minimum wage for a further year, (which in special cases can also be extended). Only after this process is complete will a person be taken off the company's books and placed on a transfer list that in theory ensures priority in the new jobs queue.

The system was designed to absorb short downturns in the economic cycle, so trained workers could easily be laid off and rehired. The Italian motor industry has benefited enormously from this system.

However, this procedure was based on the premise that the employee would be re-absorbed by the employer. As such it is wholly inadequate to accommodate long-term structural unemployment or to deal with the effects of a long, deep recession.

The employment picture will not improve in the short term, the Bank of Italy has warned, even if the recession bottoms out early next year.

But the government has only a limited mandate and is unlikely to have time to address a fundamental issue like drafting a new system of unemployment benefit. Nor can it easily provide measures to give a quick boost to jobs, as both this year's budget and that of 1994 are conditioned by the need to cut public spending.

Some L10,000bn (£4.1bn) has been found from unused public works funds, while a further L1,275bn has been earmarked for youth employment schemes and developing alternatives to replace the cuts to come in the steel industry. A start will be also made on introducing job training schemes and temporary work contracts. But the government will have to rely on fire-fighting techniques, and hope that any one protest does not get out of hand.

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Job worries point to further Japanese economic downturn

By Robert Thomson in Tokyo

THE Japanese government warned yesterday that the economy might be entering a new phase of downturn, as a fall in job openings reflected the pressure on many companies to cut costs by dismissing workers.

Mr Hiroshi Kumagai, the international trade and industry minister, asked that companies attempt to solve their surplus labour problem "internally," meaning that they should transfer staff within the company rather than cut the workforce.

His comments reflect widespread concern that dismissals could further undermine consumer confidence and cause deeper social damage by ending the promise of lifetime employment in Japan.

Mr Hirohisa Fujii, the finance minister, also said he was very worried by signs that the job market was deteriorating, as highlighted by a fall in the job offers to applicants ratio from 72:100 in July to 70:100 in August.

New job offers in manufacturing fell by 26 per cent year-on-year, while new offers in the service sector fell by 13.8 per cent, surprising government officials who hoped that this sector would absorb surplus labour.

The Management and Co-ordination Agency said the seasonally adjusted unemployment rate in August was 2.5 per cent, unchanged from a month earlier, though the government tends to regard the job offers ratio as a more accurate reflection of labour market trends.

Most large companies have reduced their annual intake of graduates and plan to trim the workforce through natural attrition, but the government fears that the yen's rapid appreciation and weak domestic demand will force further job cuts.

Japanese manufacturers, responding to the yen's rise, have recently rushed to invest in lower-cost east Asian sites, and Mr Kumagai warned that the investment flow could lead to a hollowing-out of the technology industry.

The pressure on manufacturers was indicated by a 5 per cent year-on-year fall in new vehicle sales in September, the sixth consecutive month of decline.

The Japan Automobile Dealers' Association said passenger car sales dipped 2.5 per cent, while truck sales slipped 9.9 per cent.

Meanwhile, the Labour Ministry said overtime hours worked in the manufacturing sector contracted 10.9 per cent from a year earlier, continuing a fall that began in December 1990.

Indian quake toll may top 28,000

By Shiraz Sidhva in New Delhi

THE death toll from Thursday morning's earthquake in Maharashtra state rose yesterday as Indian rescue teams extricated more bodies from the debris. Rescue had been disrupted when power and telecommunications collapsed on Thursday. These were restored early yesterday.

The official death toll rose to 11,420, but officials said it could reach 28,000 once the rescue operations reached the entire area hit by the quake.

Survivors – especially in the Killari and Latur regions, where entire villages were flattened – performed mass burials of the dead with whatever firewood they could find. Thousands of villagers, many of them suddenly left without family or belongings, joined in the relief operations, disposing of bodies of men, women and children, some of them huddled together. A downpour in the region hampered the work.

Mr S B Chavan, home minister, who surveyed the area yesterday, said immediate problems faced by the administration included the need to bury the dead, and the lack of clean drinking water. He said a special team would tackle these issues.

The cabinet, which held an emergency meeting in New Delhi yesterday, told the agriculture ministry to make available tractors, agricultural implements and seeds to enable farmers to salvage crops in the sugar-cane and cotton Marathwada region of Maharashtra, which has been affected by the quake, but not devastated as the Osmanabad and Latur regions have been.

Mr P V Narasimha Rao, the prime minister, who said on Thursday that he did not want VIP movements to disrupt relief operations, will visit Killari and Latur today to review relief operations.

The government was criticised by the opposition Bharatiya Janata party, whose leader, Mr Lal Krishna Advani, abandoned campaign preparations for the state assembly elections in November to rush to the area on Thursday.

Mr Advani said the government had failed to take action in villages in the Killari area, despite representations from village heads pointing out that the region had experienced 1,500 tremors in the past year.

US aid for Palestinian projects

By Roger Matthews, Middle East Editor

THE US is ready to commit $500m (£325m) over the next five years to help implement the outline peace agreement between Israel and the Palestine Liberation Organisation, Vice President Al Gore announced yesterday at the start of a 45-nation donors' conference in Washington.

The World Bank has estimated that about $2.5bn will be required in external aid for the West Bank and Gaza Strip during the five-year interim period of limited Palestinian self-rule.

The creation of an effective Palestinian administration and the economic development of the occupied territories is seen as a key element in underpinning the still fragile political agreements.

Mr Gore said he hoped that other countries would follow the US example and would also encourage the private sector to invest in the territories.

Mr Warren Christopher, the US secretary of state, has likened the international donor effort to the one mobilised on behalf of the former Soviet Union and co-operation between western nations and Arab countries in preparation for the 1991 Gulf war.

As the donors' meeting started at the State Department, US officials were confident that pledges of $2bn would be forthcoming, with some $800m to be committed in the first two years.

The EC has already said it will provide $600m over five years with Japan promising to commit $200m more in the first two years.

Mr Lewis Preston, the president of the World Bank, said on Thursday that the Bank planned to provide some $450m of its own money over the next two years, including a $50m loan that is likely to be approved by its board in the next two weeks.

Initially, the aid will pay for such basics as road maintenance, irrigation and housing. Later projects will include a clean water supply, improved transportation infrastructure, a reliable source of energy and environmental preservation.

The Gulf oil-producing states have yet to indicate what financial support they will provide and any announcement may have to await a meeting of foreign ministers from the Gulf Co-operation Council due to be held in Saudi Arabia in early November.

Kuwait's ties with the PLO are still cool because of Palestinian support for Iraq during the Gulf war.

The UN relief agency for Palestinians said this week that it had drawn up a list of immediate projects worth $90m.

ISRAEL'S deputy foreign minister Yossi Beilin yesterday denied that Israel had promised to halt the hunt for wanted Palestinians, in the wake of the Israel-PLO autonomy accord, writes David Horovitz in Jerusalem.

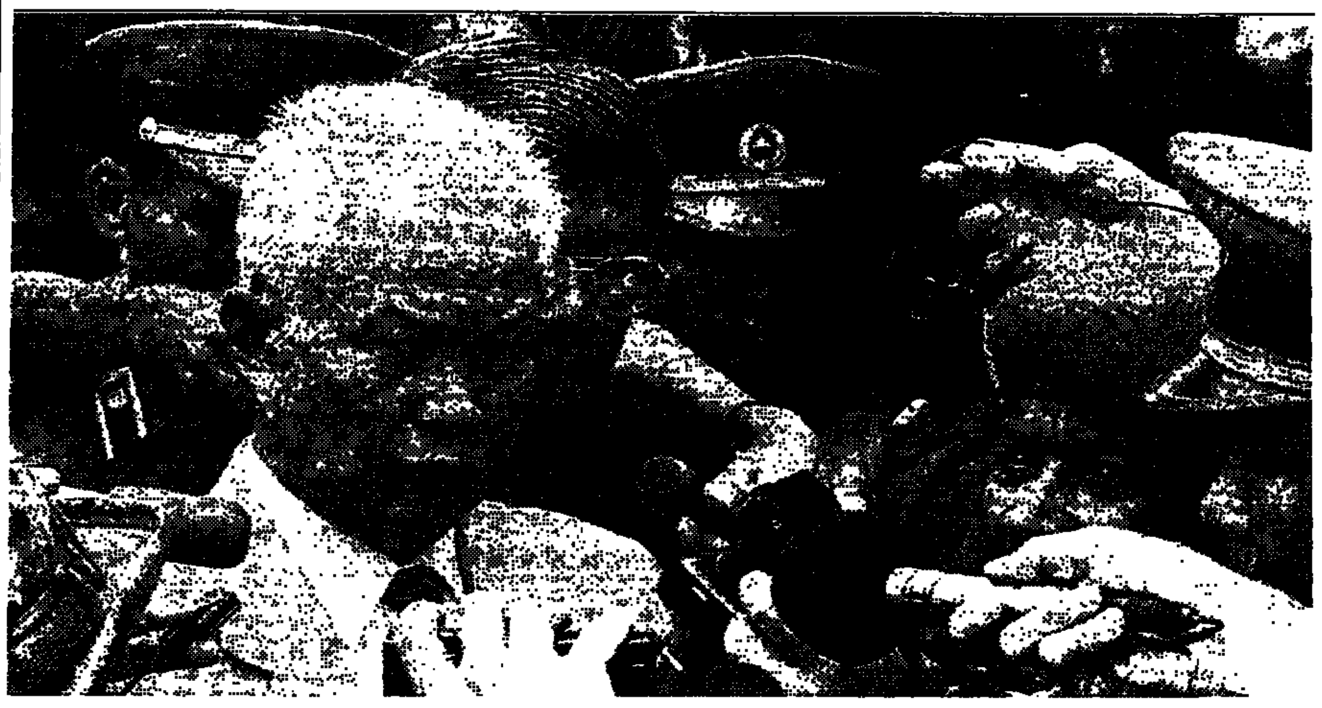
He was reacting to PLO protests about the recent arrest of six Palestinian intifada (uprising) activists in the occupied West Bank.

PLO chairman Yassir Arafat has lodged a protest, via an intermediary, with Israeli foreign minister Shimon Peres, over the capture on Wednesday morning, by the army in the Jenin area of the West Bank, of six leading members of the Black Panthers, an armed Palestinian group believed responsible for killing dozens of Palestinian "collaborators" and several Israelis over the past three years.

Mr Arafat said he had instructed the Black Panthers and other such groups to lay down their weapons after the signing of the peace accord almost three weeks ago.

They had complied, on the understanding that the security forces would stop hunting them. But Mr Beilin said no such understanding had been agreed by Israel, and senior army sources confirmed yesterday that the search for wanted Palestinians would continue.

Among the six Black Panthers arrested was Ahmed Awad Kamail, who has been top of the Israeli wanted list on the West Bank for three years. Mr Kamail, is said by the Israelis to have murdered 30 Palestinians for alleged co-operation with the Israeli authorities.



Khieu Samphan arrives in Phnom Penh as his Khmer Rouge reaches a low ebb Reuter

Khmer Rouge leader pays homage to king

By Iain Simpson in Phnom Penh

MR Khieu Samphan, president of the radical Khmer Rouge, yesterday arrived in the Cambodian capital, Phnom Penh, for talks with King Norodom Sihanouk.

The Khmer Rouge is at its lowest ebb for almost three decades, having suffered several military setbacks in the past six weeks, prompting hundreds of defections.

On his arrival, Mr Khieu said he had come to "pay our respectful homage" to King Sihanouk, and to show Khmer Rouge support for the monarchy and for the new Cambodian constitution. However, he avoided mentioning the new government, which the group has repeatedly attacked on its clandestine radio station.

The day before his arrival in the city, the two Cambodian prime ministers wrote to Mr Khieu, laying out the conditions under which they would hold peace talks with the Khmer Rouge. These included recognition of what they called the "royal and legitimate government" and accepting that the talks would be between a legal government and a group, not between two groups on equal terms.

The Khmer Rouge responded with its own proposal of a ceasefire monitored by an independent commission.

US energy department seeks to boost domestic oil and gas industries

By Nancy Dunne in Washington

THE US Energy Department is examining various proposals to shore up the domestic oil and gas industries, aiming to promote technology, stimulate markets and develop an oil import policy.

The department is expected to intensify the emphasis on renewable energies and seek a reduction of reliance on nuclear energy. A recommendation by US industry for an oil import fee is "definitely off the table", said a departmental official.

The department's proposals will be published in a report late this month. No draft legislation is likely to be put to to Congress very soon, it being busy with health care, the North American Free Trade Agreement, government restructuring and welfare reform.

Debate over US energy policy was launched in April by Mrs Hazel O'Leary, energy secretary, in a speech to the Louisiana state legislature. Acknowledging her responsibility to establish a coherent set of policies, she said she would aim to increase production of energy resources while protecting the environment.

"Too often, the government has sent mixed signals to domestic producers, making [them] unable to make business decisions based on a clear understanding of regulatory policy," she said.

The Energy Department, working with the Interior Department and the Environmental Protection Agency, has met industry and environmental groups. The report has gone through various drafts, but has not reached secretary level.

According to a summary of an early draft of the report, the industry recommended a wide range of tax incentives for production and technology advancement. The ideas include stimulating the use of oil recovery technology through tax credits and depletion allowances, tax incentives for environmental equipment, tax credits for low-production wells, and promoting vehicular use of natural gas.

It is not clear how many of these will be in the final report. The department is also considering foreign sales initiatives likely to win approval from an export-minded administration. For example, the restrictions on oil exports to Japan from Alaska could be eased. Exports of oil and gas equipment services could be aggressively promoted.

An energy efficiency centre, now being opened in Moscow, could be joined by an oil and gas centre, which would offer a focal point for industry efforts to work abroad.

NEWS IN BRIEF

Move to tighten Libya sanctions

THE US, Britain and France yesterday introduced a Security Council resolution tightening sanctions against Libya to press Tripoli to handing over for trial two men accused of blowing up a Pan Am airliner over Lockerbie, Scotland, in 1988, Reuter reports from New York.

No vote has been scheduled in the 15-member council on the draft. The document suggests a freezing of Libya's financial assets abroad, but excludes funds derived from oil, natural gas or agricultural products.

It proposes a ban on the sale of oil-related equipment for refineries and for transporting oil and gives a detailed list of this equipment. It also closes loopholes on the air embargo against Libya, in force since April 1992, such as immediate closure of Libyan airline offices abroad.

Swedish budget deficit up

Sweden's centre-right government yesterday admitted the budget deficit would exceed forecasts, rising to almost 15 per cent of gross domestic product and remaining among the highest in western Europe, writes Hugh Carnegy from Stockholm.

Mrs Anne Wibble, finance minister, said the deficit for the 1993-1994 year was now forecast to rise to SKr215bn (£17.8bn), from an estimated SKr205bn when the budget was passed by parliament. The government's borrowing requirement was forecast to hit SKr270bn, SKr15bn more than previously estimated.

Mrs Wibble said high unemployment, refugee costs and the costs of supporting ailing state-owned banks were among the contributing factors.

EC action call on employment

Mr Padraig Flynn, the EC Commissioner for Social Affairs, yesterday said important changes were needed in research, training, industrial relations and the mobility of pension funds, in order to tackle unemployment, which could rise to 20m in the EC next year, writes Tim Coone from Dublin.

He told Irish pension fund managers in Dublin that the traditional maxim that employment growth could be achieved through economic growth had failed in Europe.

To help combat this, he said, the community must dedicate more resources to research and training. "We cannot compete with the low-cost countries of east Asia... we have lost the world edge in research, and so we must re-establish that and apply it coherently to stay ahead in our levels of training and use this to maintain our competitiveness and job creation possibilities".

UN relief supplies for Georgia

The United Nations is sending emergency relief supplies to Georgia for at least 70,000 people known to have fled the breakaway region of Abkhazia, and says it expects the numbers of refugees to swell in coming days, writes Frances Williams from Geneva.

Mr Robert Souria, head of relief co-ordination in the UN's humanitarian affairs department, said yesterday that many had escaped to the town of Mestia in the mountains of north Abkhazia, which was virtually inaccessible by road. Tbilisi, the Georgian capital, is packed with refugees and thousands have arrived by boat in the Black Sea ports of Poti and Sotchi.

The UN plans to airfreight 40 tonnes of supplies, mostly clothes and blankets, to the region next Tuesday but needs $200,000 to finance a second air and helicopter shipment, Mr Souria said.

US indicators hint at faster expansion

By Michael Prowse in Washington

THE OFFICIAL index of US leading indicators rose by 1 per cent in August, suggesting the US economy could be poised for a period of faster growth, the Commerce Department reported yesterday.

The increase was the biggest since December, reflecting gains in 10 of the 11 component indicators. The main positive factors were a rise in building permits, a decline in weekly claims for unemployment insurance, and a rise in orders for plant and equipment.

Other figures published yesterday painted a positive but somewhat less encouraging picture. New orders for manufactured goods rose 0.9 per cent in August, failing to make good a 1.9 per cent decline in July. Orders, however, were 5.9 per cent higher than in the equivalent period last year.

The Purchasing Managers' Index – a reliable guide to manufacturing industry conditions – rose slightly to 49.7 per cent last month against 49.3 in August. This was the fourth consecutive month below the 50 per cent level generally regarded as the threshold for expansion in manufacturing.

Mr Robert Bretz, for the National Association of Purchasing Managers, said the index had failed to rise much, partly because new orders had been weaker than expected. The outlook for employment in manufacturing, however, had improved slightly.

Yesterday's figures follow a week of generally positive economic news. Consumer confidence rose modestly last month and personal incomes were stronger than expected in August. But new home sales were weaker than expected.

The latest figures appear consistent with a consensus forecast of 2-3 per cent growth at an annual rate in the second half, up from just under 1.5 per cent in the first half.

Casualties heavy in Sri Lanka battle

By Richard Cowper in Colombo

AT LEAST 300 people were killed and more than 500 wounded in what the Sri Lankan army calls the biggest battle for more than two years in its war against Tamil guerrillas fighting for independence in the north of the island.

The heavy casualties come soon after President D. B. Wijetunga had promised a new offensive against the guerrillas, after the assassination in May by a Tamil suicide bomber of President Premadasa.

The Sri Lankan defence ministry said last night that 114 soldiers had been killed and nearly 250 injured in the battle for Elephant Pass, which joins the Tamil Tiger stronghold on the Jaffna peninsula to the Sri Lankan mainland.

It said the army, backed by jet fighters, had killed over 200 guerrillas and wounded more than 250 at the end of the third day of the new offensive.

Asia-Pacific 'leads air traffic growth'

By Robert Gibbens in Montreal

THE Asia-Pacific region and Latin America will lead growth in international airline passenger traffic in the five years to end-1997, says the International Air Transport Association.

Total world scheduled airline passenger traffic will rise at an average annual rate of 6.6 per cent, indicating a 38 per cent increase in passengers by 1997, IATA forecast at a traffic outlook conference.

This could well be double world economic growth in real terms.

Cargo traffic is expected to rise at an average annual rate of 7.6 per cent.

North American passenger growth will be 6.1 per cent and Europe's 5.9 per cent, reflecting more mature markets and persistent recessions, said Mr Michael Brown, senior forecaster. Eastern and central Europe will grow at 10.2 per cent, from a low base.

Asia-Pacific growth is seens as averaging 7.5-8.5 per cent until 2000, based on surging economic growth, improving infrastructure and booming international trade, according to IATA figures. By 2001, Asia Pacific will account for 39 per cent of international scheduled passenger traffic.

Latin America, with improving conditions in countries such as Chile and Argentina, should grow by nearly 8 per cent annually until 1997.

Mr James Halstead, transport analyst with Swiss Bank Corp in London, said traffic growth through 2000 implies a 30 per cent increase in the world aircraft fleet.

"By 2010, the cost of re-equipment and fleet extension will reach $850m [£568m], against net book value of the present fleet of $125m. A few profitable global airlines will emerge, with a handful of good regional carriers and another group of state-supported airlines," he said.

Nigerian reform promised

By Michael Holman

CHIEF Ernest Shonekan, leader of the military-backed interim government of Nigeria, yesterday pledged rapid implementation of the country's stalled economic reform programme and the repeal of recent decrees to curb press freedom.

Speaking on the country's 33rd independence anniversary, he acknowledged that reform had been "hamstrung by the political crisis of the past several months."

The government was determined to reduce the budget deficit, the chief said, "by curtailing extra-budgetary expenditure".

This was an implicit reference to the diversion of the proceeds of an estimated 200,000 barrels of oil per day to so-called designated accounts not subject to independent auditing.

"Fiscal co-ordination and transparency in public financial management" would be a priority, said Chief Shonekan.

A campaign against the annulment of the June presidential poll and the extension on military rule until a fresh poll, due next February, fizzled out yesterday.

The main city, Lagos, was mostly back to normal as support fell away for a three-day stayaway organised by the Campaign for Democracy (CD), which began on Wednesday.

Support was poor from the start of a campaign which began with a march to deliver a petition to the Lagos state governor.

Police fired teargas to break it up and CD leaders said 58 people were arrested.

Chief Moshood Abiola, who returned on Friday after eight weeks abroad seeking support for his claim to the presidency, has not been prominent. He did not take part in the protests on Wednesday. These were mostly limited to cities in Chief Abiola's south-western home region.

Japan moves up foreign investors' league

By David Dodwell, World Trade Editor

JAPAN overtook the UK in 1992 as the world's second largest national source of foreign investment, despite a steep slowdown in the growth of international direct investment since 1990, according to a study by the US Department of Commerce. The US remains the leading source of investment.

The study says a surge in foreign investment like that seen in the 1980s – with annual increases averaging 19.4 per cent – is unlikely to occur "without a further liberalisation of investment barriers". Foreign direct investment grew last year by just 5.5 per cent to $1,900bn (£1,270bn).

Stimulus could come from liberalisation of investment rules due to successful completion of the Uruguay Round of world trade talks; from removal of investment restraints at the sub-national level and in such regulated industries as telecommunications, airlines, utilities, and natural resources; from a surge in privatisation of state-owned companies; and from agreement on harmonising national competition policies.

At the end of 1992, the stock of US outward investment amounted to $489bn. The UK, with a stock of $243bn after two years of negligible growth, was overtaken by Japan, with $248bn. This follows a five-year surge to 1990, during which Japan's foreign direct investment grew at an annual rate of almost 37 per cent. Growth has since slowed, amounting to just 7 per cent last year.

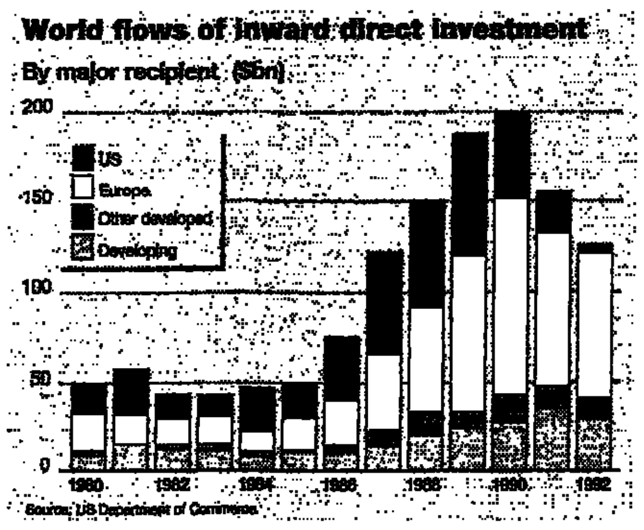
Investment into the US has plummeted, the report shows, with the US falling behind the UK, France and the Netherlands in 1992 as the single largest host to foreign deirect investment. After inflows had grown by an annual average of 19 per cent in the second half of the 1980s, growth slowed to a mere 1.2 per cent last year.

"A chief factor was... a stagnant US economy, which lowered the perceived need for new investment, as well as potential future earnings for foreign investors," said Mr John Rutter, the report's author.

Other factors included high start-up costs, large interest payments for new operations, and severe liquidity and excess capacity problems in sectors such as banking, finance, property and retailing.

By last year, Japan had become the largest single source of foreign investment in the US, with a stock of $96.7bn. This amounted to 23 per cent of all foreign investment in the US, compared with just 6 per cent in 1980, the study says. Japan has become the largest investor in the Asia region, with the stock of planned investment up from $19bn in 1985 to $60bn last year.

Recent trends in International Direct Investment: The Boom Years Fade, by John Rutter; Office of Trade and Economic Analysis, Department of Commerce, Washington DC, USA.



NEWS: UK

Major dismisses leadership challenge threat

By Philip Stephens, Political Editor

MR JOHN Major has dismissed the possibility of a challenge to his leadership in November amid indications that his opponents on the right of the Conservative party cannot muster enough support for a contest.

His confidence follows assurances from Lady Thatcher that she will use her influence on the right of the Tory party to defuse an immediate threat to the prime minister.

In spite of her well-known criticism of a range of government policies, ministers have been told Lady Thatcher will use a newspaper interview tomorrow to voice public support for Mr Major.

They will attempt to cement the truce at next week's Blackpool conference by highlighting the achievements of her administration during the 1980s.

But with Mr Kenneth Clarke, the chancellor, determined to keep open the option of tax increases in his November Budget, ministers are still bracing themselves for a wave of unrest at the Blackpool conference.

Members of the rightwing "92 group" of Tory MPs warned yesterday that the group's decision to discourage public attacks on the prime minister did not mean they were ready to halt their campaign against tax increases.

They hope a threatened conference backlash against the imposition of VAT on domestic fuel will strengthen their position and increase the pressure for additional cuts in public spending. Mr Clarke, however, is still thought to regard higher taxes as essential to speed up the reduction in the government's £50bn borrowing requirement.

The prime minister has privately ridiculed suggestions that Mr Clarke has been deliberately positioning himself as the front-runner in any leadership contest. The two are working closely together on the shape of the Budget.

After careful soundings by Tory party managers, Mr Major has told colleagues he is certain that his critics will not secure the support of the 34 Tory MPs needed to trigger a leadership challenge next month.

That view is shared by his opponents, although some were warning yesterday that if Mr Major does not restore his grip on the government, the position would quickly change.

Sir Norman Fowler, the party chairman, hopes to exploit the fact that many grassroots activists are annoyed by the sniping at Mr Major by some MPs. In spite of anger in the constituencies over VAT and over rising crime rates, there is little support for a leadership contest.

Mr Michael Howard, the home secretary, will seek to answer the concern over law and order with a speech to the conference signalling a reversal of the "liberal" approach adopted by successive home secretaries during the 1980s. In particular, he will announce changes in the law relating to a defendant's automatic right to silence.

Midlands export growth falters

MANUFACTURERS in the west Midlands do not expect a significant rise in export orders before the end of 1994, the regional council of the Confederation of British Industry said yesterday, Tim Burt writes.

The council blamed the downturn in export growth on the recession in Germany. It said motor component manufacturers had been particularly hard hit by falling demand from mainland Europe.

Local business leaders fear that the weak demand could undermine signs of recovery among manufacturers in the Midlands, where 260 German companies have subsidiary plants.

Mr Bryan Townsend, regional council chairman, said that more businesses were trying to exploit markets in the Far East and North America to offset problems in Europe and flat demand at home.

His comments followed the publication of a quarterly economic survey by Birmingham Chamber of Commerce of business trends in the west Midlands which found that only 1 per cent of companies reported any increase in their export deliveries in the last quarter.

The CBI said that the full effects of last year's devaluation in terms of new orders and completed export deliveries would not be apparent for 12 months.

More openness for secret services

By John Willman, Public Policy Editor

ANOTHER veil was torn away from the intelligence services yesterday with the publication of a guide to Whitehall's intelligence machinery and the terms of reference of the intelligence-gathering agencies.

Mr William Waldegrave, public-services minister, launched a booklet describing the work of the Joint Intelligence Committee which supervises the work of the intelligence services.

He said that the booklet was a further example of the government's commitment to eliminate unnecessary secrecy and making Whitehall more open.

Mr Waldegrave also announced that from January the chair of the committee will be Miss Pauline Neville-Jones. She is the second woman to be given a top intelligence post, following the appointment in 1991 of Mrs Stella Rimington as director-general of the security service.

Miss Neville-Jones, 53, is an Oxford-educated career diplomat. She is head of the Defence and Overseas Secretariat in the Cabinet Office and has the rank of deputy secretary.

Miss Neville-Jones said she thought her appointment would be a boost for other women civil servants, although it was "something of an accident" that two women had ended up in senior intelligence service positions.

The present chairman of the joint committee is Sir Rodric Braithwaite, foreign policy adviser to the prime minister and a former ambassador to the former Soviet Union.

According to the booklet, the committee advises the government on intelligence priorities and assesses the results. It publishes a weekly survey on intelligence known as the Red Book, which is circulated to ministers and officials.

It monitors direct and indirect threats to UK economic interests, as well as threats to political and military interests. It collates information from the Secret Intelligence Service (MI6) and from GCHQ, the electronic eavesdropping agency.

The committee also assesses "events and situations relating to external affairs, defence, terrorism, major international criminal activity, scientific, technical and international economic matters".

Central Intelligence Machinery. HMSO. £4.95.

THE THREAT of a firefighters' dispute this autumn faded yesterday when the Fire Brigade Union's general secretary Mr Ken Cameron (above) announced the suspension of the strike ballot due to start on Monday, Robert Taylor writes.

But he said he expected the employers to honour the pay formula award in full at their meeting on October 12.

The two sides agreed they were "committed to the fire service pay formula". This links firefighters' salaries to the upper quartile of male manual workers' earnings.

"The strike ballot is on hold," warned Mr Cameron. "If the employers are stupid enough not to honour their commitment to the formula, then we will go ahead."

Picture: Lydia van der Meer

Conservative donations fall 61%

By Andrew Jack and David Owen

THE CONSERVATIVE party's bank overdraft more than doubled to £15.3m in the year to March 31, according to its first comprehensive set of accounts published yesterday.

Donations fell by 61 per cent to £7.8m and voluntary contributions from constituency parties fell 18 per cent to £1.1m.

The decline reflected unusually high level of contributions in the previous year during the general election, but the party also said it might reflect grassroots dissatisfaction.

The operating deficit for the year however fell from £5.8m to £2.2m, and would have been £1.9m before changes in the accounting policies.

Net current liabilities in the balance sheet rose from £17.3m last year to £19.2m. The party pays no corporation tax, although other taxes amounted to £13m during the year.

The accounts include a balance sheet for the first time, which includes five subsidiaries not directly owned by the party: Arun Association, Bourne Association, Colne Association, The 1949 Conservative & Unionist Trust and The Conservative Party Association.

The figures show that there were interest-free loans and cash deposits – described as "primarily from constituency associations" – which increased from £2.3m to £2.7m.

They also show that a valuation of properties at the end of March reduced the value of Conservative Central Office in London by £2m to £5.25m. Other freehold properties were valued at £660,000.

Redundancy and reorganisation costs during the year were £507,000. Total expenditure fell from £28.5m to £12.5m.

The party said the greater disclosure came in response to management changes and the commitment of Mr John Major, the prime minister, to more open government.

It said it had only ever had one offshore bank account, based in Jersey, which had been closed in May last year.

There was no mention of the controversy over donations from foreign businessmen or from Mr Asil Nadir, the fugitive Polly Peck chairman.

Sir Norman Fowler, party chairman, said the Conservatives aimed to break even this year, but were determined to step up assistance to constituency associations, "especially in marginal seats facing difficulties retaining an agent".

Lib Dems win Tory council seats

By John Authers

CONSERVATIVES lost seats in five local-authority by-elections on Thursday in a set of results which will intensify pressure on the party's leadership at next week's annual conference.

Liberal Democrats gained from the Conservatives in five seats spread across southern England: Debenham, Mid Suffolk; Belfairs, Southend; Heatherside, Surrey Heath; Witham, West Lindsey; and St Peter's, Worcester. They also gained one seat from an independent in Market Drayton, Shropshire.

Even in the one seat successfully defended by the Conservatives, in Broxbourne, Hertfordshire, there was a swing of more than 30 per cent to the Liberal Democrats.

Dr Michael Thrasher, local election analyst for the Local Government Chronicle, said the latest figures add to an alarming trend for the Conservatives. In August the party endured its worst local election results since surveys began in the early 1980s, and the results suggest the party's showing is even poorer than when the Community Charge – or poll tax – was introduced.

He said: "The seats the Tories are now defending should be their bedrock because they have not been lost in the May elections of the last few years, when they have usually been hammered except in 1992. They did so badly, particularly in 1990, that the Conservatives should actually be making net gains in by-elections."

During September, Municipal Journal reported a net loss of 11 local seats for the Conservatives, while Labour gained a net two, and the Liberal Democrats eight.

Municipal Journal found that Liberal Democrat votes were up an average of 16.3 per cent since 1992, and 8.8 per cent since 1991. There were also swings to Labour, of 10.6 per cent since 1992, and 4.8 per cent since 1991.

Conservative Central Office admitted that the results were "extremely disappointing," but added: "They reflect a protest vote, yet offer little comfort for Labour, even with all their publicity over the last week."

Defence contract talks with Malaysia revealed

By Jimmy Burns and David White

BRITAIN and Malaysia conducted secret negotiations on potential defence contracts during Mr John Major's recent visit to the Far East.

While the visit laid emphasis on political ties and civilian contracts, it has emerged that the potentially more sensitive issue of defence was discussed behind the scenes.

John Laing, the building group, confirmed yesterday that British and Malaysian officials had made progress in negotiations on a contract, worth more than £200m, for the construction of a high security special forces complex at Mersing, near the east coast of the Malaysian peninsula.

Sources close to the company said that as a result of the discussions, the Malaysian government had agreed in principle to the first phase of the project, although the contract has yet to be signed.

"This is very much a hush-hush contract but we did get some very optimistic noises and we are very hopeful of our position now," a company source said.

It also emerged yesterday that Britain's GEC-Marconi is overseeing construction of an electronic command centre for Malaysia's armed forces at an undisclosed location, under a contract worth almost £100m.

The project, agreed about two years ago, includes command and control facilities and communications for the planning of joint operations between the army, navy and air force. It also covers training of Malaysian personnel.

British defence officials are understood to believe the Malaysian bases may be useful for British operations after Hong Kong has been handed back to the Chinese in 1997.

GEC-Marconi also has contracts with Malaysia to upgrade the country's air defence system and to build two missile-carrying frigates, while British Aerospace has sold Hawk trainer and fighter aircraft to the country. The deals come under a framework defence supply agreement signed by Mrs Margaret Thatcher five years ago.

THE MINISTRY of Defence is to bring forward planned job cuts at its nuclear missile facilities on the Clyde, with reductions due to start next year, David White writes.

It has announced plans to shed 340 jobs over the 12 months from April next year, with a further 300 due to go by the end of the decade, when the new Trident missile submarines will be fully operational.

This is almost half the 1,400 workforce at Coulport's missile-handling facilities.

The cuts come as a bitter blow to Scotland following the government's decision, confirmed this week, to stop refitting nuclear submarines at Rosyth on the Forth.

Unions at the Clyde base had been expecting job losses but not at this stage of the programme. The cuts – which will save £16m – reflect the new arrangements for the US-supplied Trident missiles. Unlike the Polaris missiles, which are serviced at Coulport, the Tridents will be returned to US facilities at King's Bay, Georgia, under a 1982 agreement between the two governments.

Mr Ian Fraser, local secretary of the National Union of Civil and Public Servants, said: "We were led to believe there would be gradual reductions, phased over a number of years." The first Trident submarine is expected to become operational in early 1995.

Sellafield gas power plant

HYDRO-ELECTRIC, the Scottish power utility, and British Nuclear Fuels, the state-owned nuclear services company, are to build a small gas-fired power station at BNF's site at Sellafield, Cumbria.

The 157MW combined heat and power plant is expected to become fully operational next year.

The plant will be run by a jointly owned company, Fellside Heat and Power, using gas supplied by British Gas. It will supply steam and heat to Sellafield and about 100MW of electricity to Hydro-Electric.

Ford recalls 57,000 Mondeos

FORD is recalling 57,000 Mondeo family saloon cars in the UK because of a minor defect to the handbrake lever. The recalled cars were made between March and June this year at Ford's Belgian factory in Genk. The defect is only in right-hand-drive vehicles.

The handbrake design has been adjusted and Ford said that dealers would fit a new handgrip to the brake lever of affected cars.

Watchdog probes council expenses

By Tim Burt

THE AUDIT Commission, the government spending watchdog, yesterday announced a review of all expense claims filed at Derbyshire County Council after a former deputy council leader was jailed for fraud this week.

The commission said the district auditor would be examining claims by every councillor over the past financial year.

Officials said the review would take some time, although they fully expected most councillors to be cleared of any wrongdoing.

The inquiry follows the conviction of Mr Sean Stafford at Birmingham Crown Court, who was jailed for 18 months after being found guilty of fraudulently claiming council expenses.

Mr Stafford was jailed along with Mr Gerald Sexton, a solicitor, who allegedly helped him draw up a false contract of employment. Mr Stafford was said to have used the contract to claim £13,000 expenses for wages lost while on council duty.

Mr Sexton was also jailed for 18 months. Solicitors for both men, who denied the charges, said they were considering an appeal. Mr David Bookbinder, the former council leader, said he was sure of their innocence.

Derbyshire County Council said yesterday it had always scrutinised members' expenses carefully, adding that it would co-operate fully with the district auditor's examination.

Private jail consortium recruits US prisons chief

By Alan Pike, Social Affairs Correspondent

ONE OF Britain's new private-sector prison companies has appointed Mr Michael Quinlan, until recently director of the US Federal Bureau of Prisons, to its board.

Mr Quinlan, who occupied the most senior executive position in the US prison system, is joining UK Detention Services. The company runs Blakenhurst in Hereford and Worcester – one of only two private prisons operating in the UK – and is a consortium of John Mowlem, Sir Robert McAlpine and Sons and Corrections Corporation of America.

The appointment of Mr Quinlan, who has 21 years' experience of public-sector prison management in the US, illustrates the way emerging private prison operators are preparing for a substantial growth in business opportunities.

With no previous expertise in the private sector, the companies are having to seek it elsewhere. UK Detention Services and Group 4, which runs the Wolds remand centre, Humberside, have attracted directors and managers formerly with the UK public sector.

Last month Mr Michael Howard, home secretary, announced that a further 10 prisons would join Wolds and Blakenhurst under private management. Mr Derek Lewis, director-general of the Prison Service, yesterday said that his agency was negotiating to buy a site for one of these – the former Parc hospital at Bridgend, Mid Glamorgan.

The Bridgend prison, and another new one planned for Liverpool, are the first establishments for which the private sector will be invited to bid to finance, design, build and manage. In addition, eight existing prisons will be transferred to private management under the government's proposals.

Ministers believe that the plan for 12 privately managed prisons – nearly 10 per cent of the total prison estate – will be enough to create and sustain a viable private sector.

The next private contract to be awarded will be for the management of the new Doncaster prison. Bids went to the Prison Service last week.

There are about eight companies interested in prison management in Britain. It is likely the market will sustain about half of these.

VAT surcharge change announced

VALUE ADDED TAX surcharges will now only be levied on late payers and not on those who submit their returns late, Customs and Excise said yesterday.

There will also no longer be any surcharges for less than £200. The changes follow moves to make the VAT system more fair to business.

Wildlife protection set out

By Bronwen Maddox, Environment Correspondent

THE GOVERNMENT will set out ways of improving protection for wildlife in a consultation paper on the European directive on wildlife habitats, to be published on Monday.

Under the directive, the UK must establish a network of protected wildlife sites across the country. The directive aims to compile an international network, called Natura 2000, of important sites.

The government must incorporate the directive into legislation by June next year, and must draw up the list of selected sites by June 1995.

Officials are basing the list on the existing list of more than 5,700 Sites of Special Scientific Interest. However, only the sites richest in wildlife are likely to be chosen. The list may also include some estuaries and shorelines, which do not qualify for SSSI protection. This extends only to the high-water level of waterways and coastlines.

Mr Simon Forrester, of the Worldwide Fund for Nature, said yesterday: "It is now clear there will be no new legislation – they will just be tinkering with the existing Countryside and Wildlife Acts, and they will be relying on voluntary compliance."

Water companies 'meeting targets'

OFWAT, the water regulator, said yesterday that companies were meeting the investment targets expected when price rises were set in 1989 and in 1990.

Mr Ian Byatt, Ofwat director-general, said: "Companies are delivering the improvements for which customers have been paying increased charges." He was speaking after publication of Ofwat's report on English and Welsh water companies' capital investment and financial performance.

Companies may have to review internal controls

By Andrew Jack

COMPANIES WOULD be required to provide a statement in their annual accounts describing any significant weaknesses in their internal financial control systems, under strongly-worded proposals issued yesterday.

They would be required to attempt to quantify the weaknesses and describe corrective action, according to draft guidelines developed following recommendations of last December's Cadbury report on the financial aspects of corporate governance.

The 66-page document, drafted by a working party under the Institute of Chartered Accountants in England and Wales, is likely to prove highly controversial and provoke substantial opposition from companies which feel the guidelines are too detailed and impractical.

Many smaller companies are concerned because they do not have strong formalised internal control systems and the requirements could impose considerable extra costs. The guidelines do provide some concessions for smaller businesses.

The proposals are open for consultation until February 28 next year, and are likely to be subject to considerable delays before becoming mandatory.

KPMG Peat Marwick and Coopers & Lybrand, two of the UK's largest accounting companies, yesterday welcomed the statement, as did the Institute of Chartered Accountants of Scotland which has called for greater emphasis on internal controls.

But the Institute of Internal Auditors criticised the guidelines for not requiring directors to provide more detailed information on other aspects of their companies' operations.

Internal control and financial reporting. Working Group on Internal Control, PO Box 433, Moorgate Place, London EC2P 2BJ. £5.50

PIA sets capital base requirement

By Norma Cohen, Investments Correspondent

THE BOARD of the Personal Investment Authority, the proposed self-regulatory body for retail financial services, has adopted a controversial rule on capital adequacy that is opposed by many independent financial advisers.

All advisers who join the PIA will be required to maintain a minimum capital base of £10,000. Advisers will be able to certify themselves and include personal assets.

The rule will apply to members transferring from Fimbra, the existing self-regulatory body for independent financial advisers, as well as to new entrants to the industry.

The board is considering higher capital requirements for larger organisations.

Minimum capital requirements were laid out by Mr Andrew Large, chairman of the Securities and Investments Board, the City's chief regulatory watchdog, as a prerequisite for the authority's establishment.

The authority's staff recommended approval of the measure, but the board has been reluctant. Last week Sir Gordon Downey, PIA chairman, resigned abruptly and was replaced by Mr Joe Palmer, formerly an SIB board member.

Swan Hunter wins contract

SWAN HUNTER, the Tyneside shipbuilder in receivership, has won a contract from the Ministry of Defence for additional work on Fort George, an oil supply ship.

The work on Fort George, which Swan Hunter handed over to the MoD in March, is for minor adjustments. It will employ, at peak levels, 150 workers for seven weeks.

Kazakhstan cover

THE UK is to resume export credit guarantee cover for Kazakhstan following this week's visit to the newly independent state by Mr Tim Eggar, energy minister.

'Scrap Trident' setback for leadership

By Kevin Brown, Political Correspondent

THE Labour leadership suffered a *setback* in its attempts to distance the party from some of its unpopular policies when delegates voted to scrap the Trident missile programme and support widespread nationalisation.

The vote to decommission Trident prompted an immediate government response, underlining the sensitivity of the issue. Mr Malcolm Rifkind, the defence secretary, said it showed that Labour was still "wedded to the misty ideals" of the Campaign For Nuclear Disarmament.

Officials close to Mr John Smith, the Labour leader, said the votes would have no impact on the development of party policy for the next general election.

However, the defeats removed some of the gloss from Mr Smith's success earlier in the week in forcing through a partial democratisation of the process for selecting parliamentary candidates.

The resolution calling for the *scrapping* of Trident was approved by a relatively narrow majority of 52.4 per cent to 40.6 per cent, suggesting that just over half of the party remains committed to unilateral nuclear disarmament.

There was stronger support for a resolution calling for defence spending to be reduced to the average for European countries, which was passed by 79.9 per cent to 15.3 per cent.

After the votes, the leadership said the resolutions would have no effect because its commitment to a defence review and multilateral disarmament was endorsed on Thursday by a resolution passed on a show of hands.

Privately, Labour leaders also stressed their acceptance of Britain's need to retain the capability to fulfil its commitments to the United Nations and the North Atlantic Treaty Organisation.

The leadership also shrugged off a resolution affirming clause four of the party's constitution, which calls for the common ownership of the means of production, distribution and exchange.

Mr Eric Messner, a veteran activist who said he learnt his socialism in the 1920s, said there was no public support for privatisation. He warned delegates: "You won't get public support by watering down your policy. Let's keep the faith."

The resolution conflicts with the leadership view that accountability and control of industry can be achieved through a "modern" interpretation of clause four relying on regulation rather than nationalisation.

However, officials close to Mr John Smith, the party leader, said the resolution required no specific action from the leadership.

Something for everyone at Labour's stall

Kevin Brown watches as the conference papers over its disagreements

IT WAS the admission everyone had been waiting for, and it came from the most unexpected source. "Today," said Mrs Margaret Beckett, "no-one feels secure; there is no such thing as a safe job."

Mrs Beckett was not, of course, talking specifically about her chances of keeping her job as Labour's deputy *leader. But she might as well* have been. Everyone else was.

The last morning of Labour's annual conference is always a rather unsatisfying affair: a ragbag of debates which failed to make the agenda earlier; a few points of order; the ritual singing of the Red Flag and Auld Lang Syne.

This year the departing delegates had something more substantial on their minds. How serious is the threat to Mrs Beckett's job after her apparent disloyalty to Mr John Smith, the party leader, in the run up *to Wednesday's debate* on one-member-one-vote.

In itself, Mrs Beckett's offence was trivial. She made some equivocal comments about her support for Mr Smith's plans, and she was one of the last to join a standing ovation for the leader after he opened the debate.

It would have been a storm in a teacup but for the intervention of Mr John Prescott, Labour's rough-diamond transport correspondent, whose rabble-rousing speech may well have won the debate for Mr Smith.

The speech transformed Mr Prescott into the darling of conference, and established him as a potential threat to Mrs Beckett only 15 months after she defeated him in the last deputy leadership election.

Plenty of senior Labour figures were saying privately that the game was up for Mrs Beckett. Mr Smith was said to be furious, and Mr Prescott determined to cash in on the debt owed him by the leadership.

But time is on Mrs Beckett's side. She has a full year to consolidate her position before any challenge can be mounted. Even then, any challenger would risk being blamed for the damage which would be caused by a divisive election campaign.

She also has the support of key union leaders. One, a leading player in the one-member-one-vote drama, said yesterday a deputy leadership election was the last thing Labour needed.

Mrs Beckett knows all this. And she took her chance in the traditional deputy leader's speech yesterday to make it clear that she has no intention of going quietly.

Flanked by a glum-looking Mr Smith, she recalled her record as a successful cam*paign organiser, and blamed* outsiders for the speculation over her job.

"We did not ask for [their] advice, nor did we need it," she told delegates.

It was not a good speech, but it was a clever one. It gave delegates the chance to blame the deputy leadership muddle on the media, and they took it.

Mrs Beckett got a standing ovation, and another Labour leadership split was papered over, at least for the time being.

In the end, almost everyone *went home reasonably happy*. The party's leading modernisers – Mr Tony Blair and Mr Gordon Brown – suffered a fall in their share of the vote in the National Executive Committee elections, but performed fairly well in their set-piece debates.

The left lost the battle over one-member-one-vote, but won a consolation victory on defence which allows it to claim that the socialist flame has not yet been snuffed out by the modernist wind of change.

Mr Smith got the victory he needed over the trade unions, Mr Prescott put himself in line for promotion, and Mrs Beckett kept her job. For them all, it could have been much worse.

Party endorses referendum on electoral reform

By Ivor Owen, Parliamentary Correspondent

CONFERENCE yesterday gave hesitant backing to the proposal by Mr John Smith that *the next* Labour government should hold a referendum on changing the first-past-the-post system for elections to the House of Commons.

Initially delegates refused to accept the verdict of Mr Tony Clarke, the conference chairman, *that a resolution supporting* the referendum had been carried on a show of hands.

To the relief of the party leadership, a card vote resulted in the motion being approved by just over 3 percentage points – 45.491 to 42.021.

The extent of the divisions in the party on the issue was underlined in a further vote when a motion calling for the continuance of the first-past-the-post system was approved by 44.606 per cent to 35.225 per cent.

That motion had been sponsored by the GMB union, which earlier in the week had led the fight against one-member-one-vote.

A fiercely argued debate, which spilled over from Thursday, was dominated by warnings by constituency party delegates that the Liberal Democrats and other minority parties would be the main beneficiaries of a switch to proportional representation.

Strongly disputing this view Mr John McAllion, MP for Dundee East, argued that for 14 years the first-past-the-post system had resulted in "a Tory minority imposing its will on a permanent anti-Tory majority in Britain".

He failed to convince Ms Marie Harris from the Cathcart division of Glasgow, who maintained that talk of changing the electoral system was "at best premature and at worst a *waste of time*".

Proportional representation would not be the issue at the next general election, she said, but jobs, housing, education, health and social services.

Mr Larry Whitty, the party's general secretary, said it would be unwise to introduce substantial changes to the electoral system without the widespread consultation which a referendum would make possible.

The resolution backing the referendum also endorsed recommendations made by the Plant commission advocating the use of the regional list system of proportional representation for an elected second chamber to replace the House of Lords, and for elections to the European parliament.

A statement by the party's National Executive which also committed a future Labour government to a referendum was approved on a show of hands.

John Prescott and Margaret Beckett in a display of party unity as conference closed yesterday *Picture: Ashley Ashwood*

Straw pledge on council spending

By James Blitz

MR Jack Straw, shadow environment secretary, confirmed yesterday that Labour would remove the cap on spending which the government now imposes on local councils, and would no longer force local authorities to tender for the provision of services in the private sector.

In a wide-ranging attack on the Conservatives' local government policies, he renewed Labour's commitment to hand control of the business rate back to local councils. He also said there should be local elections each year to improve democracy at a regional level.

Mr Straw highlighted a series of recent Labour successes in metropolitan and shire elections, suggesting that the public believed the party was more committed to the provision of local services.

He said: "It is Labour councils which provide the services which people want and need: nursery places, home helps, discretionary grants for students, job creation and economic development, improved public transport."

The Conservatives have previously criticised Labour for advocating too little restraint on local government policies. There is a strong expectation that local authority spending will be targeted by the Treasury in discussions about next year's public expenditure.

However, Labour believes that the public does not want to see a deterioration in the quality of these services. Mr Straw said that next May's local council elections would be a critical test of the government's record.

Conference also called for policies to revitalise Britain's rural communities, including the introduction of comprehensive public transport services.

Mr Straw was strongly critical of the Liberal Democrats, especially following allegations that they had issued racist leaflets during the recent council by-election in the Tower Hamlets borough of London, which was won by the far-right British National party.

"The Liberal democrats are the party who will do anything, say anything, pledge anything, print anything to get a vote," Mr Straw said.

Storm over union block vote causes few ripples in Bridgwater

Roland Adburgham returns to Somerset to gauge the reaction of voters to the Labour conference

THE ISSUE that electrified the Labour conference in Brighton this week caused only the mildest of shocks in Bridgwater, Somerset, a Conservative-held constituency which is more concerned with such matters as a local unemployment rate of 10.9 per cent.

If the Conservatives are to retain power at the next election, Bridgwater – where Mr Tom King has a majority of 9,716 – is the kind of seat they must hold against the Liberal Democrat challenge in the south and south-west. Labour came a strong third at Bridgwater in last year's general election and, next time, tactical voting could make the Tories vulnerable.

Mr John Smith, the Labour leader, greeted the conference backing for one-member-one-vote in the selection of parliamentary candidates as "a great day for the Labour party". But the FT's small panel of Bridgwater voters was less convinced that the reduction in union power would mark a turning point in the party's election fortunes.

"One decision is not a watershed," said Mr Allan Challenger, a former Labour member who is a psychiatric social worker. "It might lead to John Smith getting a few more points in the opinion polls for a few weeks... But I don't think it has any long-term relevance.

"The issue has never stopped peo*ple electing Labour governments in* the past – what stops people electing Labour governments is when they don't have any confidence in the policies."

Ms Glen Burrows, a shop steward with Unison, the public-services union, agreed. "For most voters, the question of whether the individual or union block vote selects candidates is completely irrelevant," she said. "People aren't going to say *'Oh goody, now we can vote Labour'.*"

She thought the debate distracted attention from the substance of policy. "The Tories are setting the agenda *all* the time for John Smith," she said. "In his 40-minute speech, he spent 20 minutes making jokes about the Tories. We've heard it all before. Labour leaders should stop dining out on how awful the Tories are and put some beef into their policies."

Mr Ian Weston, who owns a Bridgwater travel agency, thought the vote was more significant – and would make the party more attractive to the undecided voter.

Mr Hugh Barran, a solicitor and Liberal Democrat supporter, was sceptical. "John Smith says on the one hand that the vote is important, and on the other that he wants to maintain and strengthen links with the unions," he said.

Mrs Beatrice Forber, a committed Conservative supporter, was dismissive. "I think it is a wonderful colour scheme: paint the room in pale pink and everyone will look nicer," she said. "But Labour still looks totally unconvincing as a government and still ominous, with its hidden left waiting to pounce if they come to power."

Roland Adburgham will visit the voters again after the Conservative party conference next week. The first article in this series, gauging reaction to the Liberal Democrat conference, appeared last Saturday.

Home shopping channel ushers in new TV age

By Neil Buckley

A BRIGHT yellow car-shaped alarm clock selling for £16.50 ushered the age of television shopping into the UK yesterday as QVC, Britain's first home shopping channel, went on air.

What is being touted as the *UK's first glimpse of* the future of television – and retailing – is a joint venture between BSkyB and QVC Inc, the US shopping channel. It will enable viewers to buy a range of goods "from jewellery to household items, sporting *goods to* designer dresses, power tools to toys" without leaving their armchairs.

Products are presented in themed hour-long programmes, such as Jewellery Showcase, DIY, Gifts for Children and Sporting World. About eight *items each hour* are demonstrated by one of the seven US-trained presenters, whose selection process involved having to talk about a yellow pencil for 10 minutes.

Viewers dial a free telephone number to place their orders, pay by credit card, *cheque* or postal order, and should receive most goods within three to five days.

The channel is available on satellite and cable television as part of a package of 14 paid-for channels offered by BSkyB, the satellite broadcaster in *which* Pearson, owner of the Financial Times, has a stake.

QVC, which stands for Quality, Value, Convenience, was launched in the US less than 10 years ago, and made profits of \$34.9m (£23.3m) on sales of \$535.7m *in the first six months* of this year. Mr Barry Diller, the former Hollywood executive who is now chairman and chief executive of QVC, yesterday said that the opening of QVC's first overseas service was a "milestone".

"Of the many things I wanted to investigate, offering this service outside the US was very much at the top of the list," he said.

QVC is also trying to take over its biggest US rival Home Shopping Network to form a \$2bn-a-year network.

In addition to the Volkswagen Beetle-shaped clock, other items advertised in QVC's first hour included a 58-piece cutlery set for £160 (recommended retail price £199, according to QVC), a silver locket for £19.50 (RRP £31.45) a three-quarter length suede jacket for *£160* (£179), and a Philips HR2898 food processor for £89.50. Prices do not include postage and packing.

As it buys direct from manufacturers and has lower overheads than conventional retailers, QVC aims to be 20 per cent cheaper than high street shops. Most of the first goods on sale yesterday were not branded and therefore difficult to compare. But Selfridges, the London department store, was selling the Philips food processor at £91.99 – cheaper than QVC once £3.50 post and packing was added. Eastern Electricity was undercutting them both at £89.75 for the same product.

Offer near on BBC executive service

By Raymond Snoddy

A *MANAGEMENT* buy-out team is about to make an offer for the Executive Business Club, the specialist television subscription service in receivership. It was the founding programme on BBC Select, which broadcasts subscription programmes to specially adapted video *recorders in* night hours.

Lancashire Enterprises, the Preston-based venture-capital group, is believed to be interested in backing the company.

The club broadcast management training programmes *covering everything* from sales to the importance of cash flow.

In June Management TV International, the company behind Executive Business Club, ran into cash problems of its own, coinciding with a decision by the BBC not to expand BBC Select.

According to receivers Coopers & Lybrand, the company has an estimated total deficit of more than £2.5m, although this does not include intellectual property rights in films which were written off when made. *Coopers has called a* meeting of unsecured creditors at its Manchester office on October 14.

Management TV International has £300,000 share capital, £200,000 of which was provided by the BBC.

In June the BBC had 29,000 Selectors – the adapted video recorders – in stock and was planning to make them available at a discount.

Rail fares latest in Clarke's VAT spotlight

By David Owen

THE GOVERNMENT has asked British Rail to assess the effect of imposing value added tax on train fares in a move that will fuel speculation that Mr Kenneth Clarke, the chancellor, is planning to extend further the VAT base in his November Budget.

The move will add to expectations at Westminster that Mr Clarke plans to levy a lower than expected rate of VAT on domestic fuel, while extending the VAT base to public transport, newspapers and other currently zero-rated goods.

BR warned that levying the tax at the full rate of 17.5 per cent could depress fare income by about £200m, or 10 per cent. The imposition of VAT would lead to more pressure to reduce services, and could result in fares being further increased to make up for lost revenue, it said.

BR said yesterday that it had provided information about VAT to the Department of Transport in response to a request during the summer.

BR is already suffering from a fall in revenue caused by the recession. There have been reports that this could mean fare rises of 8 per cent even before the imposition of VAT.

A move to impose VAT on fares in November would be highly controversial after the angry reaction to the government's plans to extend the tax to domestic fuel.

But Mr Clarke hinted in Washington earlier this week that any new tax increases will be on spending rather than income.

A complicating factor is the government's rail privatisation proposals, which have been criticised by some Tory backbenchers and have yet to clear the Commons.

Most other EC countries already levy indirect taxation on public transport at between 4 per cent and 7 per cent. In light of this, BR had already studied the impact of VAT on fares before the government's request.

Homes Assured directors jailed

By John Mason, Law Courts Correspondent

TWO FORMER directors of Homes Assured, the mortgage broker which collapsed in 1989 owing creditors £10.7m, were imprisoned yesterday following their convictions at Southwark Crown Court in August for fraudulent trading.

Mr Anthony Dobson, the founder of the company set up to provide mortgages for council tenants buying their homes under the right-to-buy legislation, was jailed for a total of 5½ years, and Mr Keith Woodward, its former finance director, for 4½ years.

Mr Dobson was sentenced to four years on the fraudulent trading charge and an additional 18 months on two charges of procuring the execution of a security by deception. Mr Woodward received three years for fraudulent trading *and a further 18 months for* furnishing false information.

However, the Serious Fraud Office, which brought the prosecutions, decided against a retrial of Mr Michael Robinson, the former Homes Assured managing director also charged with fraudulent trading. The jury was unable to agree a verdict against him. Mr Robinson was formally acquitted.

Passing sentence, Judge John Rogers QC said Homes Assured had started out as an honest business, but had been under-capitalised.

Both men had ignored warnings that the company was losing money, and they continued trading.

Mr Dobson had been guilty of blatant dishonesty in not revealing that he had reached *a voluntary agreement with* creditors to avoid bankruptcy when negotiating a loan from the Bank of Boston, the judge said.

Mr Woodward had been guilty of dishonesty in submitting accounts to the High *Court which he must have* known were false.

Both men were also disqualified from acting as company directors for 10 years.

Rapid response pays off for the textiles industry

Daniel Green on changing work patterns in the sector

PAY IN the textiles industry is rising faster than any other segment of UK manufacturing. The finding, published this week by Income Data Services, an independent research agency, surprised many industry executives.

The agency analysed Department of Employment figures and found that wages rose 6.5 per cent in the year to June 1993 compared with 4.7 per cent for manufacturing as a whole.

However, industry executives said that special factors in the textiles and clothing *industries could be swelling* the pay packets of their employees.

Managers were quick to say there was more to the figure than meets the eye. "It's certainly not straightforward pay increases," said Mr Martin *Taylor, chief executive of* Courtaulds Textiles, the UK's second-biggest textiles and clothing company.

"On basic pay we are looking to hold rates at or below the rate of inflation," said Mr Andrew Mills Baker, finance director of William Baird, another large group.

Clothing and textile industries – in an effort to fight off cheap imports from countries with low labour costs – have turned to "rapid response", whereby manufacturers compensate for higher prices by offering quick delivery of small volumes.

Under this system, manufacturers cut staff to a level to cope with slack periods and use overtime to meet orders. *Mr David Parker, chairman of* Nottingham-based Sherwood Group, one of Britain's biggest sock and lacemakers, said: "Retailers' just-in-time policies mean that manufacturers are running more tightly. There is more often a demand for overtime *and this seems likely to* continue."

Overtime is often used by companies involved in the earliest part of the process of turning wool and cotton into garments.

Companies are also taking advantage of low interest rates to install new automated machinery and training staff to become multi-skilled. Employees with the lowest skill levels and earnings are losing their jobs in favour of quick learners with some qualifications.

Spinning company John Haggas has seen its wage bill per employee rise 6.5 per cent over the past year. "The new machines are easier to operate but you have to retrain," it said.

The rise in overtime and increasing skills of workers seem unlikely to signal a return to recruitment in the short term, said Mr Colin Purvis of the British Apparel and Textiles Confederation. "Regrettably there is a reluc*tance on the part of companies* to take on new employees," he said. "There have been 20,000-25,000 job losses a year during the recession."

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Back to full employment

ECONOMIC POLICY is subject to sudden shifts in fashion. Such a change has occurred in recent months, as unemployment has replaced inflation as the number one policy concern for developed country governments. Of course, finance ministers in Washington this week for the International Monetary Fund's annual meeting have made their customary pledge to remain vigilant against a new surge in inflationary pressures. But with 32m people currently unable to find jobs in industrial countries, it is easy to see why unemployment is the more immediate worry.

This change in approach is not simply a reflection of the depressed state of the world economy. Instead, it results from a growing realisation that unemployment is likely to stay worryingly high even after growth re-emerges. That both the left-of-centre British opposition parties now feel confident enough to revive full employment as a goal of policy, after a decade when such a commitment was thought to imply inflationary irresponsibility, shows that the unemployment debate has moved into a new era.

This renewed concern is a product of the growing impotence that Europe's governments as well as the European Commission currently feel about economic policy. They can no longer rely on a cut in interest rates or a fiscal boost to restore something approaching full employment.

But they cannot ignore the protectionist pressures or social disruption that high unemployment implies. Nor does the evidence suggest that the developed world's favoured supply-side policy prescriptions – labour market deregulation, more spending on active labour market measures and limited unemployment benefits – have had much success in cutting unemployment.

Wage flexibility

Not so, says the British government, supported by the IMF in its latest World Economic Outlook. High unemployment in Europe, UK chancellor Kenneth Clarke stated again this week, is the product of over-regulated and inflexible labour markets. The UK and the US, by embracing deregulation and wage flexibility, have achieved a superior record of job creation than continental Europe.

The chancellor is a little less than half right. Compared with America, Europe's record of job creation has been miserable. US employment has risen by 30m in the past 20 years, three times as fast as in the European Community. The Commission has already acknowledged that regulation has gone too far, especially in southern Europe where restrictive hire and fire rules have stifled job growth. Of course, Britain's claim to be part of this Anglo-Saxon success story is rather weak. When the effects of the UK's two recessions are included, British employment has barely grown over the last 14 years. But even over the period 1982-90, British unemployment was higher on average than in France and Germany as well as the US, while UK real wage growth has been slow to respond to rising unemployment.

Unprecedented levels

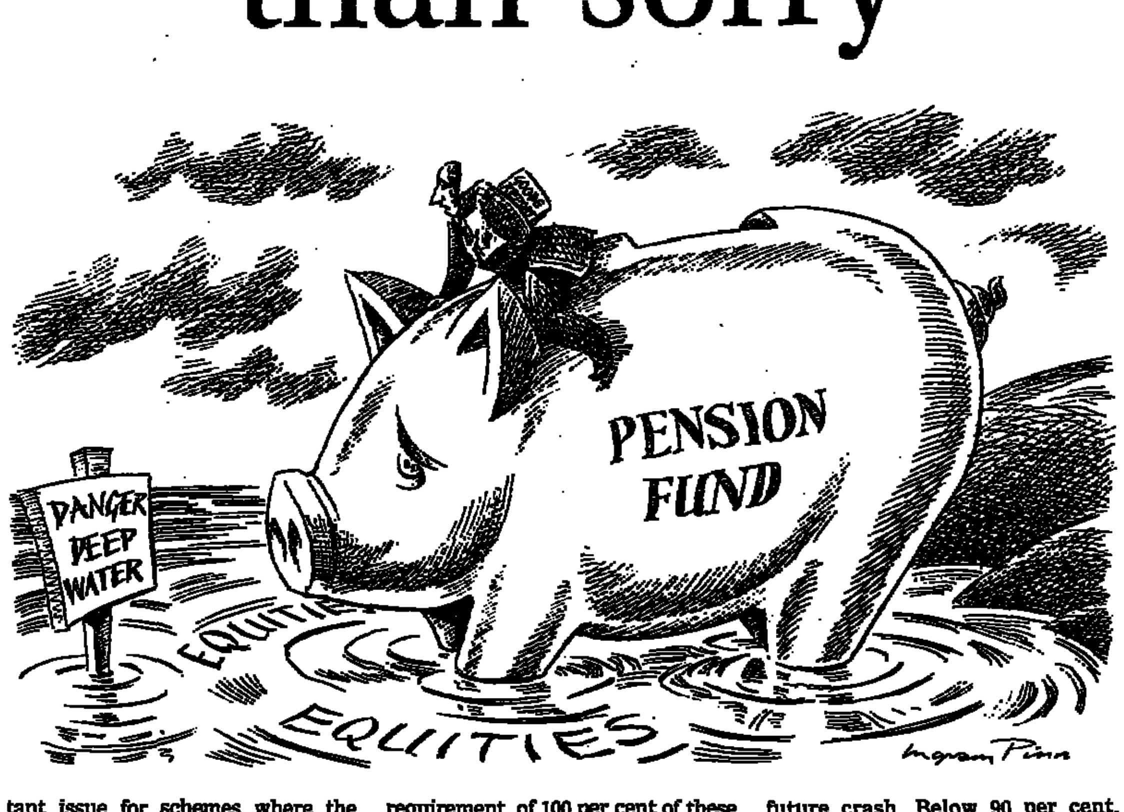
But the US administration has not rushed to preach the gospel of deregulation as the answer to Europe's unemployment problem. As officials at the US Labour Department well know, America has a problem of joblessness among young and prime-age men which is at least as severe as in Europe. Employment growth in the US and the UK in the 1980s occurred because female employment, increasingly in part-time and service sector jobs, has grown to unprecedented levels. But the number of US and British men with jobs has continued to fall, especially among unskilled and poorly educated. European governments have also experienced the latter shift. What they have not permitted is the offsetting growth in less well-paid female employment.

This gender-based change in the pattern of employment is at the heart of the economic changes which have hit the developed world over the past two decades. Technological change, and to a lesser extent developing country trade, mean that the demand for unskilled labour has fallen sharply since the 1960s other than at increasingly low wages. In the UK and the US, where manufacturing employment has slumped and relative wages for unskilled workers have fallen dramatically, women have taken the service sector jobs which have replaced them. Unemployed men have not – they are subsisting on benefits or, especially among young US men, turning to crime instead.

This is the issue which governments must address at President Clinton's unemployment summit next month: how they can revive the employment prospects of unskilled men. Education and training are the obvious long-term solution, while public sector jobs or subsidies for private sector employment seem a better alternative than either subsistence on benefits or the kind of US inner-city problems that withdrawing welfare benefits would encourage. But one thing is clear. Developed countries cannot ignore the problem any longer. Its social consequences are increasingly damaging. And it will not go away.

Will the Goode report prompt a long hard look at pensions, asks **Barry Riley**

Better safe than sorry



Pension fund investment managers breathed a sigh of relief yesterday at the moderate line taken by the Goode Committee on pension law reform. Upheavals on a scale that could have a serious impact on the stock market are not anticipated.

But exactly how the committee's recommendations will look when they have been through the mangle of the parliamentary process remains to be seen. In any event, certain technical consequences for pension scheme solvency after the recent downward spiral in long-term interest rates have already been causing concern.

And it is possible that other events will have important influences: last week's results from Guinness, for instance, provided a reminder that many companies are having to step up their pension scheme contributions once again, after several years of reductions and holidays; and some in the pensions industry are becoming nervous about next month's Budget, which could carry on the attack on pension fund tax reliefs begun by Norman Lamont last March.

Britain's pension funds are uniquely able to invest in risky assets, notably equities, which make up nearly 80 per cent of the typical portfolio. In other countries there is a much bigger exposure to fixed interest bonds, which tend to give a significantly lower investment return in the long term.

This exceptional risk tolerance in the UK arises from the ability of actuaries – the professionals who design and measure pension schemes – to take a relaxed attitude to short-term fluctuations in asset prices. Generally, they ignore share prices and value schemes on the basis of the long-term growth of investment income.

But now there are several threats to this comfortable picture:

- Many schemes are now approaching danger level on the so-called "discontinuance" test, which requires them to have enough assets to finance all past service liabilities should they be unexpectedly wound up;
- The rapid dividend growth rates which generated the pension scheme surpluses of the late 1980s have collapsed, both because of the recession and adverse tax changes;
- Schemes are becoming more mature, with fewer young members and more pensioners, which reduces their investment flexibility;
- Companies are increasingly considering a switch from final salary-linked to money purchase schemes, which transfer the investment risk from the company to the members.

The discontinuance problem is highly technical, but it is an important issue for schemes where the company goes bust and members need to be sure that their benefits already accrued are safe. In such circumstances the trustees will normally seek to use the assets of the fund to buy guaranteed benefits from life assurance companies.

Until the past year or two it was typical for schemes to be so far above the discontinuance solvency level as to be out of any conceivable danger. However, the terms quoted by life companies have deteriorated sharply. Many schemes therefore face the risk that in circumstances such as the 1987 stock market crash, when share prices suddenly tumbled by about 30 per cent, they might be technically insolvent. They can no longer be indifferent to the risks of holding a large proportion of equities in the portfolio.

The Goode Committee has heightened this dilemma by proposing that for the first time there should be a statutory minimum solvency requirement, of 100 per cent of these legal commitments on discontinuance. Solvency may dip to a 90 per cent level before any urgent injection of new funds is required. Between 90 and 100 per cent, the scheme will have a leisurely three years to submit a plan for restoration to the minimum standard, so there will be plenty of time for stock market prices to rally after a future crash. Below 90 per cent, however, new resources would have to be injected within three months.

When schemes are anywhere near the borderline, trustees will be under pressure to follow very prudent investment policies, and may even think it wise to take out futures contracts to protect the fund against market collapses. This will be to the detriment of long-term investment performance.

One way in which the government could help pension schemes to handle these risks would be to offer them specially-tailored government bonds (or gilt-edged securities). Goode recommends that a new type of bond, a deferred income index-linked gilt, should be issued.

Some in the pensions industry argue that two other kinds of indexed gilts should be invented, to match more precisely the two main kinds of current liability: for members in service the liabilities are likely to rise roughly in line with the index of average earnings, and for ex-employees who have left the company, statutory limited price indexation (inflation capped at 5 per cent) applies.

The underlying theme is that the government could take advantage of the growing risk aversion in pension schemes to push sales of its own securities. This might suit the government when it is running a fiscal deficit at the rate of £50bn a year, but it would have the effect of crowding out the equity market.

So far there is no evidence that pension funds are shunning equities, however. Although their exposure to gilts has risen a little in recent months it has been financed by running down their holdings of overseas bonds.

As for the feared shift to money purchase schemes, this again remains conjectural. So long as contribution holidays persist, there is absolutely no incentive for companies to move to money purchase (where there can be no surpluses and no holidays). Guinness, though, warned last week of a £30m jump in pension contributions. Once they are paying out again, companies might reason that the changeover to money purchase will not involve them in any extra outgoings but will control their future risks.

Money purchase funds are less risk-tolerant, because they are answerable to nervous scheme members rather than dessicated actuaries, and because, moreover, they have to provide cash sums in a rather inflexible way to retirees so that they can purchase annuities. Again, this argues for more gilts and fewer equities.

It is clear that the Goode Committee has been careful to avoid radical change and none of its recommendations imply big portfolio shifts.

But time is catching up with the UK's occupational pensions industry. It is up against a changing industrial culture and an unsympathetic government. Membership has been in decline. The question is whether Goode, and the legislation that may in due course follow, will prompt many British companies to take a long, hard look at their whole approach to pensions.

GOODE RECOMMENDATIONS

- **Compensation to cover fraud, misappropriation or theft, financed by a levy on occupational schemes.**
- **Appointment of pensions regulator.**
- **Employers may take contributions holidays, but schemes must meet statutory minimum solvency standard. Employers must obtain permission from regulator before withdrawing cash from schemes.**
- **Employers allowed to amend schemes to reduce future service benefits, but they must not restrict benefits for past service.**
- **Scheme members should be entitled to appoint at least a third of all trustees, with a minimum of two per scheme.**
- **New Occupational Pensions Schemes Act to codify reforms.**

Piggy in the middle

Norma Cohen on the law professor steering the reforms

Professor Roy Goode, chairman of pension reform committee which bears his name, will join the vast majority of Britons who retire with something less than a full pension.

The precise amount, he says, will be thirty-five-and-a-half-eightieths of a full pension under his occupational University Superannuation Scheme, he said, when he retires five years from now at 65. This fact did not tempt him to urge more generous treatment of people who change jobs in the committee's final recommendations on pension reform this week.

Of all the issues covered in the weighty (about 7lb) blueprint for a new occupational pensions framework, the treatment of those who quit schemes early proved one of the most divisive within the committee, he said. The group finally decided against requiring employers to increase their former employees' deferred pensions in line with earnings, which would have helped those who switch jobs freqently to retire on something more like a full pension.

"Most of us felt that such a move would put the early leaver in the same position as those who stayed," Prof Goode said, adding that the committee felt that employers simply do not feel committed to providing the same level of benefits to ex-employees as to those who stay to receive their full pension entitlement. Also, all members agreed that the costs of such a requirement would be enormous.

Many of the committee members and their views are well known inside the pensions industry. On the consumer activist end of the spectrum, industry sources say, was Ms Sue Ward, a freelance writer and researcher, former member of the Occupational Pensions Board and a campaigner for greater pension democracy. At the other end, observers place Mr Stuart James, partner at solicitors Rowe and Maw and, those who know him say, a holder of equally firm views.

The gentlemanly Prof Goode, now Norton Rose Professor of English Law at St John's College, Oxford, said debate over the planned reforms was heated. "The important thing was that everyone was willing to listen to arguments," he said.

A professor of commercial law, Prof Goode's particular expertise is in the area of consumer credit. He has written several books on the subject, including a three-volume set of case law. But before entering academia, he specialised in civil litigation, becoming a partner in what was then the firm of Victor Mishcon and Co.

Among his cases was one involving the former Livestock Marketing Company. "It was called armchair pigfarming. Instead of shares, you had rights to a pig, and instead of dividends, you had rights to its litter," Prof Goode said.

The company eventually went into receivership and Prof Goode's female client wanted to collect her four pigs. However, they could not be identified without being washed first. "The official receiver said it was not in his job description to be required to wash a pig," he said. So the client collected a dividend cheque for one and sixpence (about 7p) and Prof Goode departed shortly thereafter for academia.

WOMAN IN THE NEWS: ***Kim Campbell***

Luck may not be a lady

The band of party workers crowded into a meeting room in a nondescript Vancouver shopping centre is brimming with confidence about its local candidate's chances in Canada's forthcoming general election.

The candidate is Ms Kim Campbell, the prime minister. Judging by the latest opinion polls, she will have no trouble sweeping to victory in her Vancouver Centre constituency on October 25.

One by one, the organisers enthusiastically spell out their plans to solidify the prime minister's lead in a diverse inner-city constituency, whose residents range from a vociferous gay and lesbian community, to wealthy immigrants from Hong Kong and students at the University of British Columbia. Events on the agenda include a vintage car rally featuring the prime minister's 15-year-old red Honda Civic.

But the mood around the table darkens when Mr David Camp, Ms Campbell's campaign manager, invites views on how the prime minister and her governing Progressive Conservative party are faring in the country at large.

One young woman complains that Ms Campbell comes across as boring and intellectual in the party's TV advertisements. Another chips in that the media has been far kinder to Mr Jean Chrétien, leader of the opposition Liberals who has escaped much of the close probing on policy issues to which Ms Campbell has been subjected. A third gripes that party managers have left Ms Campbell carrying too much of the campaign burden, rather than her cabinet colleagues.

The Vancouver workers are unanimous that the image of their leader being projected is not the witty and down-to-earth Kim they know and who they believe is being undersold as a political leader.

With three weeks to voting day, Ms Campbell needs to engineer either a big improvement in her party's image or await a mistake by her opponents if the Conservatives are to win a third successive term in office.

Opinion polls show that she has a personal lead of about 10 percentage points over Mr Chrétien. But her party has fallen several percentage points behind the Liberals in the country as a whole, and is trailing far behind the separatist Bloc Québecois in Quebec, where the Conservatives currently hold 54 out of the province's 75 seats in the House of Commons in Ottawa. In Ms Campbell's native British Columbia, the Tories are even behind the right-wing Reform party, which currently holds one seat in parliament.

The Conservatives chose 46-year-old Ms Campbell as their leader last June when her unpopular predecessor, Mr Brian Mulroney, stepped down after nine years in office. They hoped a bilingual westerner and Canada's first woman prime minister would make voters forget the tough times: an unemployment rate of 11 per cent, towering budget deficits and, as a result, the threat of cuts to social-security and health-care programmes.

Mr Mulroney's name is seldom heard these days. But Ms Campbell has been unable to shake off his legacy entirely. The strength of the Bloc Québecois and the Reform party, which attract many defecting Conservative voters, largely reflects Canadians' wish for a change.

Mr Mulroney gave his successor little time to prepare for an election campaign. Ms Campbell, who qualified as a lawyer in her mid-30s, is a relative newcomer to Ottawa. She cut her teeth in local politics in British Columbia, and was first elected to the House of Commons in 1988.

Mr Chrétien, by contrast, is one of Canada's most seasoned politicians. He celebrated his 30th anniversary as an MP this year, and held almost every leading cabinet portfolio when the Liberals were last in office under Mr Pierre Trudeau until 1984.

Ms Campbell's strengths are her nimble and intelligent mind, which gives her an impressive grasp of complex economic issues, and an impish – sometimes cutting – sense of humour. She often refers self-deprecatingly to the weight problem encountered by women in their mid-40s.

But her assets have been overshadowed by her political inexperience. She made herself an easy target by remarking that a 47-day election campaign was too short to debate the complex issue of social-security reform. Her answers often seem more suited to a courtroom or a university lecture hall, than to the campaign stump. She had journalists rushing for their dictionaries by using the word "terpischorean" (pertaining to dancing) at a press conference.

Ms Campbell has made fiscal discipline the main plank of her campaign platform, with a pledge to eliminate the C$35.5bn (£17.4bn) federal budget deficit within five years by, among other measures, cutting defence spending, grants to business and foreign aid.

But she has failed to convince voters of the connection between lower deficits and job creation; opinion polls show unemployment remains a leading concern of voters. Her emphasis on deficit reduction has given opponents an opening to question her commitment to social services.

With their backs to the wall, Ms Campbell and her advisers are now rethinking their strategy. Instead of making polite visits to schools and rotary club lunches, the prime minister is expected to sharpen her rhetoric as she takes her campaign across the country over the next three weeks.

The Conservatives are still hoping for a turnround. The youthful, quick-thinking Ms Campbell could perform strongly in the party leaders' televised debates tomorrow and Monday.

Conservative strategists also hope that support for the the Bloc Québecois and Reform parties will subside as election day approaches. Their best chance would be a well-timed word from Mr Robert Bourassa, the francophone province's hugely popular premier, that Quebeckers should beware of the false hopes being preached by the separatists.

The novice prime minster needs all the luck and skill she can muster over the next three weeks if she is to gain the support in the country at large which her enthusiastic volunteers back home in Vancouver Centre think she deserves.

Bernard Simon

Something's gotta give

Labour's economic policy is deficient, argues **Martin Wolf**

So, distressed FT reader, you are fed up with the government. Your house is worth less than your mortgage and has been burgled twice in the last year, probably by the young lay-abouts on the nearby council estate. You are wondering how long you will keep your job. After 14 years, it looks like time for a change. The question is whether Labour has become a fit and proper steward of the UK's market economy.

Fortunately, this is not a question you have to answer just yet. Meanwhile, the Labour party is struggling to transform itself from a union-dominated dinosaur into a modern social democratic party. As the party conference has made clear, this will be hard, since many activists still prefer the people's flag of deepest red.

Yet John Smith, party leader, and Gordon Brown, shadow chancellor, are plausible figures, particularly where fiscal and monetary rectitude is concerned. Mr Brown says in his pamphlet, "how we can conquer unemployment", that "Labour believes in keeping inflation low and of course will stick to strict low inflation".

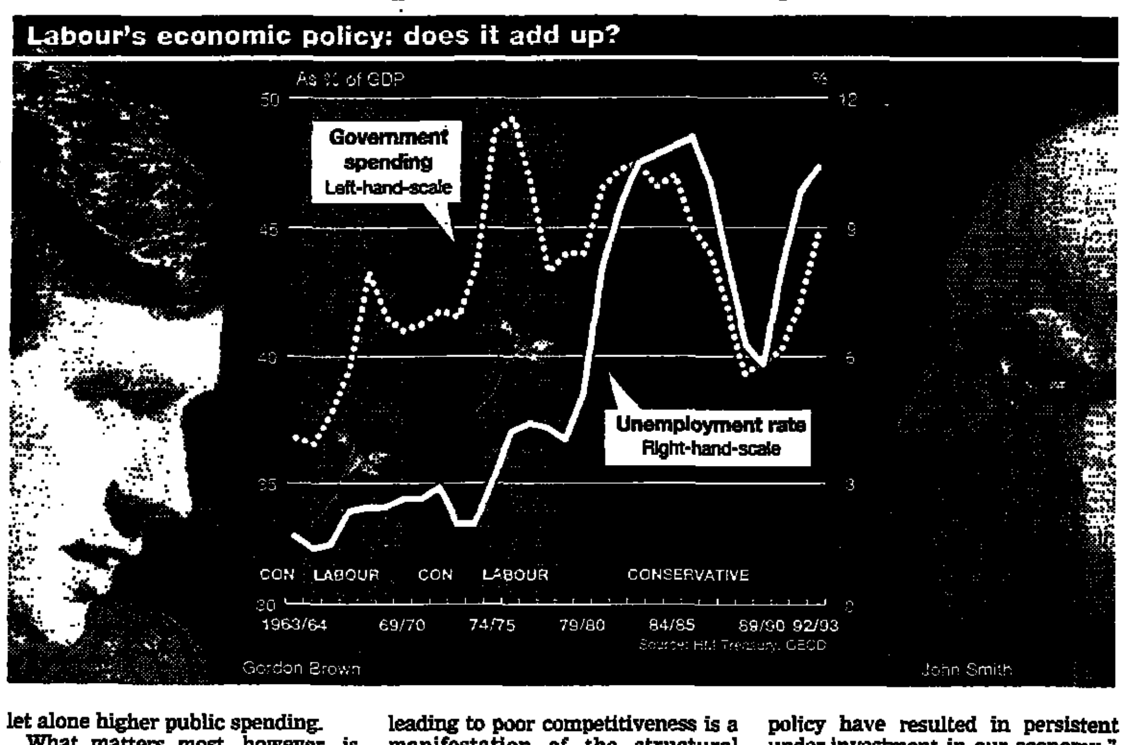
This is not an implausible claim. Labour has produced many austere chancellors, from Philip Snowden through Stafford Cripps, James Callaghan and Roy Jenkins. Few have ever slashed public spending as fiercely as did Denis Healey, in 1976. Mr Brown, who writes sternly that "what Britain cannot afford is yet another round of the boom-bust economics so favoured by Tory chancellors" could fit comfortably among this number.

What about the level of taxes and public spending? Here it is possible only to guess. To be fair to Labour, neither today's fiscal deficit nor the large tax increases proposed by Mr Norman Lamont in the budget of last March nor those Mr Kenneth Clarke, his sucessor as chancellor, is almost certain to add in November figured prominently in the Conservative party manifesto for the 1992 general election.

On taxation and spending we know four things, two about the economy and two about Labour's announced intentions:

- Public finances are already in an unsustainable position.
- The share of public spending in gross domestic product is also quite high by British historical standards.
- Mr Smith believes passionately in the need to increase public spending, "work waiting to be done and crying out to be done now... which could be made available to the millions who seek no more than the chance of worthwhile and satisfying employment".
- Mr Brown intends to replace higher value added tax on fuel with no more than an attack on tax exiles working in the UK, on offshore trusts, on the rich who pay no tax, on executive share options, on the excess profits of utilities and on foreign companies "defrauding" the UK of corporation tax.

These points do not add up. The proposed revenue increases are probably too small, especially once the VAT increase is abandoned, to finance the already envisaged public sector borrowing requirement, let alone higher public spending.



What matters most, however, is the party's economic "vision". Mr Brown's pamphlet does present the outlines of a strategy. The heart of his diagnosis is his statement that "the vicious cycle of poor competitiveness leading to balance of payments deficits leading to low growth leading to low investment leading to poor competitiveness is a manifestation of the structural imbalance which has been condemning Britain to higher and higher rates of unemployment".

Mr Brown also asserts that "unemployment in the 1990s represents a very specific failure of the British economy and of economic government. Fourteen years of Tory policy have resulted in persistent under-investment in our economy."

British workers must be given not any old jobs, but "fulfilling employment". And "if", says Mr Brown, "there are worries about a wage-price spiral taking off, the approach that will work is to raise the productive potential of the economy, so that higher wage aspirations can be met without inflation or unemployment." To achieve this the twin deficits of skill and investment must, he asserts, be closed.

What we are to get, it appears, is "an enhanced Keynesian approach, which treats demand management as an integral part of a structural policy, and which deals with the radical institutional reforms without which the British economy will continue to stagnate".

As to policy for the supply side, that is to have two main elements: more education and training and a "strategy for industry". The latter will demand "steady growth of aggregate demand, low inflation, low and stable real rates of interest, and a stable competitive exchange rate". So goodbye, it appears, to that old exchange rate mechanism policy. But it will also demand examination of "every institution, whether apparently successful or not" to assess its contribution to the overall success or failure of investment in Britain.

It sounds wonderful. But does it also sound credible? Alas no.

First, it is untrue that unemployment in the 1990s represents a specific failure of Tory Britain. The UK has not done worse than the continental economies Labour so admires. The continental model Labour wants the UK to adopt has been tried and, by the criteria of low unemployment, failed.

Second, even if you believe those layabouts down the road can be educated or trained, it would take decades, rather than years, to transform the country's labour force. Even then it is questionable how far skills create growth, rather than the other way around.

Third, where are the incentives for the private sector to invest more or offer more employment? Manufacturing companies in particular have not seen it in their interests to expand capacity or high wage employment for many years. One reason for this is that profitability has been both too low and uncertain. Will Labour really do anything to improve that?

Fourth and most fundamentally, how is UK growth to be made more labour absorbing than it has been in the past? After all, between 1982 and 1992 UK real GDP rose by 26 per cent, but employment rose by only 7 per cent. Yet if Mr Smith believes in anything passionately it is in greater worker protection, including his charter of worker rights and a national minimum wage. "You can't build an advanced competitive economy on the basis of low pay, low skills and poor working conditions," he insists. Oh yes you can. That is precisely the route by which Japan, Hong Kong and Korea have advanced towards higher pay and better skills.

Mr Smith says simply that "where you find low pay, long hours and exploitation of workers, you see poverty. Where you find high wages, shorter hours, decent working conditions and good employment protection, you see prosperity." If you too believe the high wages and short hours caused the prosperity, rather than the other way round, Labour is for you. If not, you will just have to remain perplexed.

Quentin Peel on the German mood three years after unification

Uncertainty über alles

On the night they announced the results of the competition to host the Olympic games in the year 2000, a casual viewer of German television might have been forgiven for thinking momentarily that Berlin, not Sydney, had won.

There were scenes of a German crowd cheering ecstatically as the votes were counted. Then the truth slowly dawned: they were not celebrating the fact that Berlin had won, but that it had *lost*. It got only nine votes.

Two days later, the German press was conducting an agonised post mortem. How could the German capital, host city for the 1936 Olympics, have done so badly? "Why are we Germans so unloved?" the popular Bild Zeitung demanded in a banner headline.

One reason, it concluded, was precisely because Germans were so confused as well as so quarrelsome. Nowhere else were members of the International Olympic Committee pelted with eggs, for a start.

'Why are we Germans so unloved?' asked the popular Bild Zeitung

The truth is that three years on from German unification – on October 3, 1990 – the country is still suffering from a crisis of identity. National celebrations are planned for tomorrow in Saarbrücken, capital of the state of Saarland, just over the border from France. They are likely to be a subdued, unenthusiastic affair.

Unification has called all the comfortable old certainties of post-war Germany into question: not just the assumption of prosperity, but the consensual basis of the political system, the safety of Germany's place locked into western Europe, the EC and the Nato alliance, the suppression of its national identity in a European identity. None is yet fundamentally in doubt, but all are suddenly open to debate.

The brief economic boom, as monetary union between the two halves of the country caused an explosion of eastern consumer spending, allowed a unified Germany to buck the trends in the world economy in 1990 and 1991. Now the country is in its steepest downturn since the war, and it hurts.

The famed social partnership between workers and employers, a cornerstone of Germany's post-war performance, is under unprecedented strain. For the first time, the engineering industry employers have formally served notice terminating their pay and holiday contracts with IG Metall, the engineering workers' union, as a prelude to a determined assault on costs in the coming wage round. The stage is set for a bitter war of attrition.

Suddenly the generosity of the German welfare state is also under attack, as the demands of the east are placed upon it. Millions of new potential claimants expect full benefits, although they are only beginning to pay contributions.

Both government and opposition are languishing in the polls, as voters turn to protest parties, or stay at home, to express disenchantment with the post-unification world.

In Hamburg, the latest elections showed mass defections from all main national parties. The ruling Social Democrats (SPD) dropped from 48 per cent to 40. More dramatically, Chancellor Kohl's Christian Democratic Union (CDU) saw its vote fall from 35 to 25 per cent.

Overall, more than 50 per cent of the city's electorate failed to support the main national parties, either by staying at home, or protest voting. The big winners were the Greens, who almost doubled their vote to 13.5 per cent, and the previously unheard-of Statt Partei – literally, the Instead of a Party – which won eight seats in the city parliament with almost 6 per cent. Neither the extreme right Republicans, nor their bitter hard-right rivals, the Deutsche Volksunion (DVU), won enough to get into the city assembly, but between them they won a worrying 7.6 per cent of the vote.

AP

Hanning Voscharau, mayor of Hamburg, casting his vote

Hamburg was a portent of protest-voting in next year's marathon election year, with 19 separate national, state and local elections. Domestic issues predominate, with internal security, the threat to jobs, the lack of housing and immigration main themes.

The political leadership, including Mr Kohl, is trying to launch a national debate on external issues to identify where Germany's national interests lie and, indeed, to underline the close identity of the national interest with European integration. For Mr Kohl, German unity and European union are two sides of a single coin. But, for the general public, foreign policy in general, and Europe in particular, seem far removed from their immediate concerns.

If west Germans are seeing old certainties wobble, the upheaval they face is nothing against the trauma of their east German compatriots.

The early euphoria of unification has evaporated. In 1991, two-thirds of east Germans believed they would have achieved western living standards by 1997. Today, only eight per cent believe that, according to a survey in Die Zeit, the weekly newspaper.

In 1990, on the eve of unification, 78 per cent of the eastern population over 18 were economically active. Today that proportion is down to 54 per cent. Soaring unemployment, early retirement and the withdrawal of women from the labour market has seen to that. One in 10 east German workers has been forced to retrain for a different profession. One in five has changed employer in the past three years.

And yet, in spite of the traumatic social, political and economic changes, what is most extraordinary is that there has not been more social disturbance or resentment. In 1990, the survey in Die Zeit showed no less than 94 per cent happy to be unifying. Today the figure has only dropped to 84 per cent.

The disturbing spread of racist violence still only involves a tiny minority of young skinhead gangs. It has actually undermined support for the far-right political parties like the Republicans, who are tarred with the racist brush.

No one is complacent any longer. The rise of the far right is regarded with a deeper horror in Germany than probably in any other European country, precisely because of its Nazi past.

Next year's European elections in June will be a critical moment. Voters who fear to stray from the establishment parties in a national election are likely to be less constrained in the poll for the European parliament. And the far right parties are – so far – the only ones seeking to exploit widespread fears over a single European currency.

Chancellor Kohl's steadfast commitment to European union, at a moment when the country is overwhelmingly concerned with the internal upheaval caused by unification, may yet prove to be his Achilles heel.

Southern cents and comfort

Alabama has overcome its image problems to win the first Mercedes plant outside Germany, says **Martin Dickson**

Until two days ago, when those nice German folk from Mercedes-Benz showered town with a $300m jackpot, the tiny Alabama community of Vance (pop: 250) had but one tenuous claim to fame: a colourful experiment in municipal thrift.

Back in the 1980s, when Ronald Reagan was in the White House, running up larger and larger federal budget deficits, the town council found that it, too, was facing a fiscal crisis.

To avoid deficit financing, this scattering of bungalows, Baptist churches and trailer homes, hidden in thick, rolling woodlands, laid off its handful of municipal workers and got volunteers to do these jobs. The mayor and council became garbage collectors. Word of its example spread far and wide – even beyond the Alabama state line.

***"People think we're a bunch of country hicks,"* says Mr Larry Simmons, a council member, as he stands in Vance's one-roomed town hall (or WN ALL, as its thrifty, dilapidated sign proclaims). "Well, maybe we haven't got much book sense, but we sure have common sense."**

On Thursday it got a lot more besides when Mercedes-Benz, the German luxury vehicle manufacturer, surprised America by announcing that Vance was to be the site of its first car plant outside Germany, a $300m factory which will employ 1,500 and start producing a "sports utility" vehicle (akin to a Range Rover) in early 1997.

It is a huge coup for Vance and for the small, slow-paced city of Tuscaloosa, some 17 miles west, which is dominated by the University of Alabama and takes its exotic name from a local Indian chief killed by 16th-century Spanish explorers.

Those with too much beer inside them, and a penchant for a good argument, might make so bold as to call the event more momentous than last year's victory in the national college football championship by the university team, the Alabama Crimson Tide.

But the decision by Mercedes is, above all, an immense economic and psychological boost for Alabama, a state which still suffers from a boorish "Redneck" image and has lagged behind surrounding states (apart from dirt-poor Mississippi), in attracting the high-profile investment which has transformed the "Old" American south – the states of the civil war confederacy – over the past 20 years.

The so-called "new south" – where gleaming, high-rise, industrial cities and comfortable retirement communities for Yankee expatriates sit alongside large swathes of rural poverty – can best be observed by a drive up the south-east's main artery, Interstate 85, from Atlanta, Georgia, to Durham, North Carolina. "The boom belt" is how BusinessWeek magazine recently described the highway.

Foreign companies, particularly German ones, have been pouring investment into Georgia, North Carolina and South Carolina, attracted by low wages, rabid anti-unionism, good communications,

skilled workers, beautiful surroundings and lavish financial incentives from state governments. Last year BMW decided to site its first US factory in South Carolina.

Until now, Alabama has largely missed out – even though its largest city, Birmingham, which lies about 50 miles north-east of Tuscaloosa, jostled with Atlanta for the title of the south's economic capital until the 1960s.

Atlanta won, partly because of its more entrepreneurial spirit. It is a city of brash extrovert boosters compared with Birmingham, which is more conservative and introverted, less cosmopolitan.

But investors were also scared off by Alabama's hardline attitude to the most important political issue facing the south in the 1950s and 1960s: the black civil rights movement. While Atlanta pursued a relatively liberal approach to the colour bar, Birmingham and the town of Selma became shorthand for brutal police suppression, and Mr George Wallace, the state's governor, a symbol of right-wing racism.

Some 30 years on, this negative image still lingers. The recent hit movie, My Cousin Vinnie, a comedy about a sharp New York lawyer who triumphs in an Alabama murder trial, caricatures the state's citizens as dull-witted, slow-moving, insular, racist and corrupt.

Like any caricature, it contains a smattering of truth. Alabama's reputation for probity was hardly bolstered by the removal from office of its governor, Mr Guy Hunt, last April after he was convicted of stealing money. And the state's high school system has one of the highest drop-out rates in the nation.

However, Birmingham, which has had a black mayor since 1979, has transformed itself from a grimy steel town into a high-tech medical centre (the actress Jane Fonda came there for treatment last year) and the way in which the state chased the Mercedes deal – in competition with more than 30 others – attests to a new entrepreneurial vigour.

A crucial element in its success was the fact that the search for a Mercedes site, which began last April, coincided with the appointment of a new governor, Mr Jim Folsom, who replaced the disgraced Mr Hunt.

Mr Folsom, the son of a celebrated Alabama governor in the 1940s and 1950s, was anxious to make a splash and, with an eye on the Mercedes deal, appointed as head of the Alabama Development Office Mr Billy Joe Camp, a tough, energetic veteran of state government with a quintessentially southern-sounding name. "When Billy Joe does something, he goes out and does it," says an admiring aide.

Mr Camp spearheaded the lengthy negotiations with Mercedes, while Governor Folsom provided the political muscle which allowed Alabama to offer Mercedes an extremely generous set of incentives, worth more than $250m, to settle in the state.

However, Mr Andreas Renschler, the young Mercedes executive who led the site search (and who thought of Alabama as "sleepy" before he first visited it), says the state's incentives were no greater than those proffered by the two others on his short-list, North and South Carolina.

Nor were incentives the decisive factor favouring Tuscaloosa/Vance: "This is not a short-term thing. We want to be building cars here for the next 20 years."

What may have clinched it for Alabama is what the Mercedes team says is a "gut feeling" this is the right location. That, in turn, seems due in no small measure to the sheer zeal with which Messrs Folsom and Camp, desperate for Alabama not to lose again, pursued the Germans.

Whatever the reason, stars are falling on Alabama this weekend – in the three-pointed form of the Mercedes logo, that ultimate symbol of quality. It really does beat football.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Problem of housing policy

From Mr Tom Winnifrith.

Sir, Osman Streater (Letters, September 27) alleges, from the sanctuary of the Savile Club, that the driving force behind Liberal-run Tower Hamlets council's housing policy is "middle-class, post-colonial guilt". Rubbish.

Tower Hamlets Liberals have as far as possible tried to put the housing needs of local people ahead of recent arrivals in our borough. Three times our councillors have been sent to court for trying to break the Homeless Persons Act, which forces councils to put the homeless (ie, recent arrivals in the area) ahead of locals. London's most densely populated borough needs exempting from this act now.

That one, misguided, piece of legislation was undoubtedly the result of middle-class guilt. Its effect has been to cause immense working-class anger – as we saw in Millwall two weeks ago. It continues to cause anger among people of all ethnic groupings in the East End who suffer unjustifiable overcrowding and misery as a result of it. Tower Hamlets Liberals have done everything in our power to alleviate this problem, but we alone cannot solve it. If the middle classes still feel guilty, then those of them sitting at Westminster know what to do about it.

Tom Winnifrith,
Tower Hamlets Liberal Democrats,
Bethnal Green, London E2

Audiences squeezed out

From Mr L A Pirie.

Sir, Re your article "The men of violins fight for the loot: The future of London's orchestras" (September 25), surely one of the main reasons for the falling off of the Royal Festival Hall's audience is the extreme discomfort of the seats for anyone 5ft 10in tall or above. There is far too little knee room.

Go the new Birmingham hall and experience the difference.

L A Pirie,
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Pension proposals no threat to equities

From Mr Richard Whitelam.

Sir, In your report of the Goode Committee's recommendations for pensions reform, the suggestion is made that the stability of equity markets may be threatened by the proposals for minimum solvency standards ("Goode report strikes a fine balance", October 1). I feel that alarm bells are being rung unnecessarily and it would be unfortunate if alarmist talk jeopardised the introduction of such a standard.

The problems of underfunded pension schemes do not arise from the Goode Committee's proposals. If a scheme has insufficient assets to meet members' accrued benefits the trustees should, in conjunction with the employer and advisers, address the problem and, among other things, adopt an appropriate investment strategy.

If some schemes have not tackled this problem to date, the recommendations in the Goode report should encourage them to do so and hence properly protect members' benefits.

The development of derivative instruments means that, for schemes which need to take action, an appropriate investment strategy can usually be devised which avoids a substantial shift away from equities and thus the dangers of "plummeting equity markets".

Richard Whitelam,
partner,
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An unfortunate denigration of Franco-German friendship

From Mr Gerald Long.

Sir, James Morgan's Saturday column is original and his analysis of European situations is penetrating. It was, therefore, the more disappointing to read him denigrating Franco-German friendship as a complete farce ("As They Say in Europe", September 25). The unworthy and unfunny gibe about the *promenade des Anglais* reflected the insensitivity the writer brought to this important subject. One should hesitate to describe as farce the good state of a relationship whose deterioration contributed three times in a hundred years to European tragedies. The fact that both sides think it important to proclaim their friendship is in itself reassuring; there may occasionally be elements of exaggeration or insincerity: from what human relationship are they entirely absent? Likewise it would be surprising if motivation on both sides were always entirely pure and free from self-interest. But with all that the fact remains, the French and the Germans, or at least a large majority of those in both countries who think about such matters, wish to get on well with one another.

Coming from a Briton, the statement that "both find the British more interesting than they find each other" looks like distressingly smug *Schadenfreude*. Perhaps if the British frequently proclaimed their belief in Franco-British, or German-British friendship, preferably both, then those relationships might begin to exist.

Gerald Long,
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75009 Paris

Registration does not give architects a monopoly

From Mr Robin Nicholson.

Sir, I nearly always enjoy Colin Amery's perceptive thoughts on architecture, which makes the polemicism of his article against the statutory registration of architects all the more puzzling ("Say yes to freedom", September 27).

The issue of statutory registration is simple. For more than 60 years it has offered the protection to the client and to the public that, when they commission an "architect", they engage a man or woman trained and qualified to practise. If registration ends, anyone from anywhere within the European Community – plumber, plasterer, jobbing gardener or mini-cab driver – will be free to use the title. In whose interest is that?

The profession is not a closed shop. Anyone can design a building, provided they do not call themselves an architect. It follows that there is no unfair monopoly. It is nonsense for Amery to say that the profession is being offered "freedom". No chains are being removed which currently constrain the architect from serving his clients.

I agree with Colin Amery about the need for the highest possible architectural and environmental standards and that it is inevitable that some architects will fall short. But this is nothing whatever to do with statutory registration. I agree that the RIBA can do more to raise the quality of the profession. But the "freedom" that Colin Amery offers, yet does not define, is irrelevant to such a role.

The winning schemes of the prestigious Financial Times Architecture At Work award that Colin Amery organises suggest to me that he supports the wide range of today's architecture. But I wish he would redirect his attack on to the government and other commissioning agencies that have become so obsessed with the least cost without a thought for quality.

Robin Nicholson,
vice president, public affairs,
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COMPANY NEWS: UK

Greycoat warns against rejecting PosTel rescue

By Vanessa Houlder, Property Correspondent

GREYCOAT yesterday reinforced its backing for the controversial £120m rescue bid by PosTel, the UK's largest pension fund, when it underlined the risks of the deal being rejected next Friday in a letter to shareholders and bondholders.

The letter, which included an up-to-date assessment of the value of Greycoat's property in a forced sale, reinforced the company's earlier assertion that a winding-up would leave nothing for the preference and ordinary shareholders. It also said that the company has not had any definitive offers from another bidder.

The letter also told shareholders it had sold its 6 per cent interest in Victoria Plaza, the office development over Victoria Station. Its share of the proceedings, which was £6m, has been used to repay the debt on the property.

Several large preference shareholders continue to believe that the PosTel bid undervalues their shares. Their objections are that:

- The company is not facing a genuine threat of liquidation. Although PosTel is considered unlikely to improve its offer, they believe that the likelihood of another bidder emerging is strong. Some analysts believe Greycoat could salvage its position through a rights issue.

This point is disputed by Greycoat. It points out that another bidder has had several months since the PosTel deal was announced to come forward. Also, it believed "a conventional capital raising would not be feasible in the present circumstances."

Moreover, it might not have the time to put together an alternative rescue package. The complex structure of Greycoat's financing means that there are conflicting interests between the ordinary and preference shareholders, the zero coupon bondholders and the Brittanic bond holders.

- The recovery in the property market means that the value of Greycoat's portfolio has been understated.

"My view is that the company is in better shaper than it has been for years," says Mr John Katz, a research consultant.

However, Greycoat believes that in the event of a forced sale all but one of its properties would not share in the improvement in the property market of the last six months.

- The preference shareholders have been treated unduly harshly, compared with other interest groups.
- Insufficient information has been provided about the valuations of some of Greycoat's property. Greycoat, however, argues that to give too much detail about its buildings' valuations would not be in its shareholders' interests if the buildings have to be sold.

The chance that shareholders will vote down the proposals next Friday is very real. Substantial blocks of shareholders including Gruss Partners, the US arbitrage house which holds 14 per cent of the preference shares and Goldman Sachs, which owns 8 per cent of the preference shares, are thought to be unhappy with the proposed deal. Another concern for Greycoat is that the vote will only go ahead if sufficient bondholders and shareholders have responded.

But Greycoat and PosTel remain optimistic that the protests will be shown to be just posturing. They hope that voters will opt for the certainty of the PosTel deal rather than risk everything on the hope of getting a better outcome.

Shanks shares fall as director retires

By Richard Gourlay

SHARES IN Shanks & McEwan, the waste management company fell 8 per cent to 156p yesterday following the surprise news that Mr Alastair Fowler, finance director, has taken early retirement with effect from the end of September.

The share price fall follows the downgrading of profits forecasts by a number of brokers after visits to the company last week before it went into its close period.

Mr Roger Hewitt, chief executive, said that Mr Fowler had been discussing early retirement for a number of months and that there was nothing sinister behind the announcement.

Shanks' share price has halved since a high of 319p in September 1991 when the waste sector still attracted a residue of its late 1980s premium rating.

In January that year Shanks bought Rechem, the hazardous waste disposal company, but was widely thought to have paid a full price.

Then in March 1991, Hanson, the Anglo-American conglomerate, placed its 11 per cent stake in the company when the shares were trading at the equivalent of 278p.

In late September that year, Rechem issued a warning that it would not be able to meet its own ambitious earnings growth targets.

Mr Hewitt said yesterday that Mr Fowler, a Scot, was feeling the pressure of commuting between his family in Glasgow and Aylesbury, where the group had increasingly moved its corporate centre since the retirement of Mr Peter Runciman as chairman last year.

In June Shanks reported a 62 per cent fall in full year profits, from £27.1m to £10.2m, after heavy losses in its construction division.

The group was forced to make a £19.3m provision to cover reorganisation of the division.

"There is no other issue lurking behind this announcement", Mr Hewitt said. The problems in the construction division, "may have hastened the desire (of Mr Fowler) to go early", he said.

Some analysts wondered why the company had given no warning of Mr Fowler's departure and had not named a permanent successor.

Mr Michael Rundle, commercial manager, has been appointed acting finance director.

First big acquisition since demerging from Babcock in 1989

FKI expands in US with $103m buy

By David Blackwell

FKI, the electrical engineering group, yesterday announced its first big acquisition since it demerged from Babcock International in the summer of 1989.

It is paying $102.5m (£66.5m) cash for the Truth hardware division of SPX Corporation of the US.

Mr Bob Beeston, chief executive, described Truth as "a perfect fit" with FKI's hardware business.

Truth makes the hinges, operating and locking mechanisms for windows, doors and skylights. It supplies more than 1,400 manufacturers and has almost 50 per cent of the North American market, which Mr Beeston estimated at some $200m a year.

"It has good modern manufacturing facilities, and it is a business we are very familiar with," he said.

Truth, which has a warranted net asset value of not less than $35.4m, made net operating profits of $10.2m on sales of $83.8m in 1992. FKI said the trading performance for the first eight months of this year was well ahead of last year – a trend it expected to continue.

FKI will pay $95m on completion, with up to $7.5m of deferred consideration payable over a period of up to five years, dependent on sales.

Mr Beeston said the group had committed borrowing available in US dollars at interest of less than 4 per cent. He estimated net borrowings at the end of the year would be £96m, giving the group gearing of 50 per cent, compared with 30 per cent at the end of last year. Without the acquisition, FKI would have ended the year with gearing of about 15 per cent.

FKI now operates five divisions – hardware, materials handling, automotive, engineering and process control. The first three operate primarily in the US.

Mr Beeston said the group had been looking for acquisitions in the automotive division, but had not found the right company yet. His strategy was to look for businesses with real strength in the markets they served so that the group could improve margins through reduced costs and higher purchasing power.

Earlier this week FKI bought VSI Fortress Security Hardware from VSI Donner for $2.6m. This will add annual sales of $4m to FKI's US hardware distribution company Belwith.

Capital & Regional plans to float US property interests

By Vanessa Houlder, Property Correspondent

CAPITAL & Regional, a USM-quoted property company, yesterday announced plans to float off its US property interests as a publicly-traded Real Estate Investment Trust.

The company expects to benefit from the deal because it will remove US debt from its balance sheet and so reduce its gearing. In addition, the dividend income from the REIT should significantly exceed the current profit from the US group attributable to shareholders.

Moreover, the deal will diversify its US interests and put them in a large entity which is capable of getting access to the capital markets.

Capital & Regional yesterday filed a registration statement with the US Securities and Exchange Commission which set out the proposed structure of the offering.

The company is combining its US interests with those controlled by a Chicago-based property investment group and a portfolio of industrial investments acquired from an insurance company in order to give the REIT sufficient scale.

The REIT expects to control a portfolio of 39 properties in Chicago, totalling 5.9m sq ft, of which four, totalling 2.2m sq ft will be injected by Capital & Regional.

The REIT will also have options to acquire another four properties.

Capital & Regional said it would own a significant minority interest in the REIT after its flotation, which it will retain for at least three years.

Repaid loan notes boost Norex

By Peter Pearse

NOREX, the financial services group, made pre-tax profits of £31.6m in the year to June 30, against restated losses of £991,000, thanks to a £23.8m contribution from the redemption of secured loan notes.

Global Marine repaid the loan notes held by Norex America (NXA), in which Norex has a 48 per cent stake, for a total of $99m gross, of which £23.8m fell in the year.

Mr Kristian Siem, the Norwegian entrepreneur who is managing director of Norex and chairman of NXA, said that $29m of the $99m was used to repay bank loans.

New debt has been acquired in NXA and in April $111.4m was supplied to Zapata Corporation of Houston, a provider of services to the oil and gas industries, through a cash loan and share purchase.

Apart from the 48 per cent holding in NXA, which is involved in offshore rig investments, Norex owns Horncastle Executive Travel, based in Newcastle, and a 2 to 3 per cent stake in Lowndes Lambert, acquired when it sold Norex Insurance Brokers and Norex Financial Planning to the insurance broker for £8m gross.

Mr Siem said that over five years shareholders' equity had increased 15 times, from $5m to $80m. This was the aim of the company, he said. "It is asset appreciation-led, not specially concerned with income." In spite of the need to preserve capital, it is proposing to pay a maintained 2p dividend.

Earnings per share were 166.6p (losses 18.5p).

Wescol £30,000 in the black

By Nigel Clark

THE DECISION to focus on steel fabrication and construction enabled Wescol Group to report profits of £30,000 for the year to July 31 against losses of £2.49m.

The USM-quoted Halifax-based company also announced the raising of £2.94m through a rights issue, the issue of shares to Lloyds Bank and the proposed reduction of the share premium account.

Turnover fell from £16.3m to £15.2m, which included £39,000 (£1.93m) from discontinued activities. Sales of continuing activities rose 5.4 per cent achieved in very competitive trading but helped by a reduction in the overall capacity of the steel construction industry, said the company.

Earnings per share were 0.6p, against losses of 21.6p.

Mr Peter Price, the chairman, said that while the results benefited from lower interest rates – finance charges fell to £400,000 (£476,000) – high borrowings, following the losses of the past two years, imposed a heavy burden.

In the rights issue 14m shares are being offered on a 4-for-3 basis at 15p each to raise a net £1.94m. The issue is underwritten by British Linen Bank with Wise Speke as brokers.

Lloyds Bank is subscribing for 6.67m shares at 15p to raise £1m providing the rights issue raises not less than £1.94m. The cash will be used to reduce borrowings.

Following the cut in debt Lloyds has also agreed to provide overdraft facilities of £1.2m and a medium term loan of £1m.

Shareholders are being asked to approve a reduction of £1.69m in the share premium account to cover the deficit on the profit and loss account and the resumption of dividends.

Scottish TV shares fall despite rise

AN INCREASE in programme sale and services was behind a 42 per cent rise in pre-tax profits at Scottish Television, the independent television contractor.

On turnover up 12 per cent at £64m (£57.1m), including £22m (£9.5m) from programme sales and services, pre-tax profits for the first half of 1993 were £3.13m (£2.2m).

However the shares lost 42p to close at 436p.

Competition from Channel Four for advertising had contributed to the company's share of ITV advertising revenue falling from 5.5 per cent to 5.2 per cent.

Among its subsidiaries the programme production company had an excellent year but Pauline Hyde and Associates saw profits all but eliminated while maintaining turnover.

There were also losses at GMTV, the breakfast station. While the station was trying to ensure there was no further significant loss in the second half, STV said it was providing for its expected share of losses over the year.

It said the full year would be affected by losses at GMTV and Pauline Hyde but the strength of the core television business should enable profits to continue rising.

Earnings were 5.84p (2.88p). The interim dividend is being raised to 2.1563p (1.725p).

NBC buys control of Super Channel

By Raymond Snoddy

NBC, the US national broadcaster, yesterday confirmed that it had bought a majority stake in Super Channel, the UK-based satellite channel which beams general programmes all over Europe.

The stake has been bought from the Marcucci family of Lucca in Italy, who have controlled the channel, originally set up by the ITV companies, for more than five years.

Mr Tom Rogers, NBC executive vice president and president of NBC cable, said yesterday the move reflected the US broadcaster's determination to grow "by expanding its presence outside the US and by diversifying into cable and new media domestically".

Mr Rogers said the aim would be to keep the general entertainment and news format of Super Channel but to add more news and business programming, including the NBC Nightly News and The Tonight Show with Jay Leno.

The executive said the NBC strategy was to turn Super Channel, which is available in 30m homes in western Europe and a further 26m homes through rebroadcasting in eastern Europe and Russia, "into a truly premium channel".

Under the deal, which cost NBC about £40m, the American broadcaster will have a majority stake and managerial control. Together with Credit Lyonnaise it will have a total of 75 per cent. NBC yesterday declined to give the exact split. Mr Richard Branson's Virgin Group and other minority shareholders will hold the remaining 25 per cent.

NBC executives said yesterday that the satellite television market in Europe was exploding, and that they saw signs of significant growth in the pan-European advertising market.

Mr Patrick Cox, managing director of NBC Europe, will become chairman of Super Channel, but Mrs Marialina Marcucci will remain on the board.

The Marcuccis, whose interests include broadcasting and manufacturing in Italy, intend to set up a significant independent television production operation in the UK.

BCE £56,000 in the red

BCE Holdings, the USM-quoted distributor of snooker, billiards and pool products, reported pre-tax losses of £56,000 for the year to March 31.

The outcome compared with a profit of £34,000 last year and was struck on turnover down from £5.2m to £4.27m. Losses per share were 0.2p (0.2p earnings).

Mr David Fisher, chairman, said the group had ceased its lossmaking manufacturing activities, the benefits of which would accrue in future years.

He added that the reported upturn in the economy had yet to have an effect in the sale of snooker products, and low consumer spending made any material increase in arcade takings difficult to achieve, Mr Fisher said.

Downturn at Ash & Lacy

Ash & Lacy, the West Midlands-based galvanising and metal products group, reported a 20 per cent fall in pre-tax profits from £1.97m to £1.57m for the half year to July 2.

Turnover for the period was unchanged at £28.7m with sales in France lower but maintained in sterling terms.

The interim dividend is held at 2.5p, payable from earnings of 3.77p (5.09p) per share.

The shares closed 11p lower at 144p.

Camellia surges

Turnover of Camellia, the tea, coffee, edible nuts and citrus fruits producer, expanded from £73.5m to £80.5m for the first half of 1993 while pre-tax profits were boosted to £7.38m compared with £2.69m.

Earnings surged from 18.44p to 69.36p per share and the interim dividend is 13p (12p).

Advance to £2m at Horace Clarkson

Horace Clarkson, the shipping and insurance broking group, reported an advance in pre-tax profits, from £1.5m to £2m, for the six months to June 30.

The increase was achieved on turnover up from £19.8m to £22.8m. Earnings per share came out at 4.3p (3.5p) and the interim dividend is raised to 0.75p (0.5p) per share.

The directors said the shipping business had produced a very satisfactory performance, with profits up by £1m to £2.2m, while a decline in the insurance division's brokerage had been partly offset by cost savings.

The company also announced the appointments of Mr Alan Brooks and Mr Robert Ward as additional directors.

Mr Brooks, previously a director of BPB Industries, will serve in a non-executive capacity while Mr Ward, who was finance director of the shipbroking arm, would succeed Mr Brian Burns as the group's finance director.

Brought in to take charge of the main business sectors: Richard Livesey-Haworth (left), John Gardner and Ninian Eadie

ICL UK chief to step down next year

By Alan Cane

MR JOHN Gardner, chairman of ICL UK and one of the Japanese-owned computer company's top four executives, is stepping down from his responsibilities and moving to a part time role early next year.

The move, which had not been expected, will fuel speculation over a successor to Mr Peter Bonfield, ICL's chairman and chief executive, who has been in charge of the company since 1984.

Mr Bonfield, 49, has been given much of the credit for transforming a crisis-ridden lame duck into Europe's most consistently profitable computer manufacturer.

He began his career with Texas Instruments, however, and is known to want to work again in the US. He has given assurances that he will not leave ICL until it is floated on the UK stock market.

At the beginning of the year ICL appointed three group executive directors to take charge of the main business sectors. Mr Gardner, 51, was given services including manufacturing and outsourcing. Mr Ninian Eadie, 56, has charge of volume products including personal computers and Mr Richard Livesey-Haworth, 47, manages industry solutions including retail and financial systems.

It had been anticipated that Mr Bonfield's successor would be chosen from this group.

Mr Gardner said that he had planned for some years to move to a part time role after the age of 50. His chief objective, which he had achieved, had been to make a success of ICL UK and he had no ambition to run the whole of ICL.

He would remain associated with the company and work with Mr Bonfield on special projects. He would also work directly with Fujitsu.

Mr Gardner's role as head of services and as a member of the executive director's group will be taken by Mr Paul Whitwam, 48, who has been responsible for ICL's operations outside western Europe and the Americas.

No date has been set for the flotation though financial advisers have been appointed. If market conditions improve, it could be within two years.

Dalepak shares drop on warning

By Maggie Urry

Shares of Dalepak Foods, the frozen foods and ready meals manufacturer, slumped 45p to 125p yesterday after the company warned it expected to break-even in the six months to October 31.

In the same period last year pre-tax profits were £1.6m. It said it expected to make a profit for the year, but would not maintain its dividend at last year's 6p.

The group had already been under pressure, warning in March about profits for the April year-end, which were down at £2.21m (£3.93m).

It said yesterday that sales volumes and margins had fallen further since then. In an attempt to counter that it was pushing up prices and cutting costs. It said its new freezing plant, which had suffered commissioning problems, was now working satisfactorily.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ash & Lacy ....int	2.5	Nov 20	2.5	-	6.4
Camellia ....int	13	Nov 3	12	-	29
Clarkson (H) ....int	0.75	-	0.5	-	1.5
Helene ....int	0.65†	Dec 31	0.65	-	2.01
Norex ....fin	2	Dec 17	2	2	2
Scottish TV ....int	2.1563	Nov 1	1.725	-	9.9281

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	110	94	Anglian Water Wts	101	-1	-	-	-	-
120	F.P.	-	147	115	Ballyclach	130		-	-	-	-
-	F.P.	-	£41¼	£35⅝	Beta Viet Nam Units	£41¼	+½	-	-	-	-
90	F.P.	-	98	95	Crockfords	95		W5.2	2.3	6.8	7.5
-	F.P.	-	5	3½	‡Exploura A	3¾		-	-	-	-
-	F.P.	-	70	67	For & Col Special Inc	69½		-	-	-	-
-	F.P.	-	48	42	Do Capital	42		-	-	-	-
-	F.P.	-	116	109	Do Units	111		-	-	-	-
-	F.P.	-	81	77	Ivory & Sime Ent. Cap.	78		-	-	-	-
-	F.P.	-	15	14	Do. Warrants	14		-	-	-	-
-	F.P.	-	5¾	5	Nouvelle A	5¼		-	-	-	-
-	F.P.	-	11	9½	‡Select Industries	9½		-	-	-	-
§112	F.P.	-	118	98	Shield Diagnostics	110	-1	-	-	-	-
§115	F.P.	-	123	117	WE Holdings	117	-1	L3.5	2.6	3.7	12.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	112¾p	103p	Asprey 8¼pc Cnv Pf	109¼p	-¼
100	F.P.	-	112½	105	Coats Viyella 6¼pc Cv Bds 2003	112½	
-	F.P.	-	117	106	Ex-Lands 7½pc Cv Ln 2020	115½	+½
100	F.P.	-	108	98¼	Greenalls 7pc Cv Bds 2003	108	+¼
-	F.P.	-	92½	90	Ivory & Sime Ent. Cap. Cv Ln 2000	90	
-	F.P.	-	109¾	104½	Natl. Power 6¼pc Cv Bds 2006	109¾	+⅝
-	F.P.	-	115¾	107¼	Warburg 6½pc Cv Bds 2008	115¾	+1
-	F.P.	-	113	107	Wilson 6¼pc Bds	112	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
140	Nil	22/10	34pm	32pm	Adwest	34pm	+2
120	Nil	4/11	19pm	5pm	Appleyard	10pm	-1
35	Nil	-	1pm	¼pm	Britannia	¼pm	
400	Nil	1/10	66pm	46pm	Cadbury Schweppes	55pm	-1
150	Nil	2/11	23pm	18pm	JIB	23pm	+2
200	Nil	2/11	60pm	48pm	MB Caradon	60pm	+1
160	Nil	10/11	23pm	19pm	Perry Group	19pm	
225	Nil	25/10	58pm	51pm	Quarto	57pm	
120	Nil	3/11	21¾pm	13¾pm	Tarmac	21¾pm	+2½
72	Nil	13/10	7pm	5pm	Wates City of London	5pm	

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Sept. 27
- Last Dealings Oct. 8
- Last Declarations Dec. 30
- For settlement Jan. 10

3-month call rate indications are shown on page 9.

Calls: Aminex, ASDA, Bardon, Betterware, Blacks Leisure, Brent Walker, Cathay Intl., Conrad, Hunterprint, Medeva, Ricardo and Tullow Oil. Puts: Alphameric, Brent Walker, Conrad, MFI, Owners Abroad and Ricardo. Puts & Calls: Aminex and St.James's Place.

NEWS DIGEST

Losses deepen at Beauford

PRE-TAX losses at Beauford, the maker of plant, equipment, machine tools and ceramic products for industry, rose from £2.07m to £3.06m in the first half of 1993. The result was struck after a £1.9m provision for losses on discontinued operations.

Turnover fell to £16.2m (£21.3m) with turnover of continuing operations at £13.4m (£14.5m).

Sir Trevor Holdsworth, chairman, said trading remained difficult with no evidence of any recovery in demand.

Losses per share deepened to 3.75p (2.54p).

Helene advances 20% to £975,000

Helene, the fashion wear company, reported pre-tax profits of £975,000 for the six months to June 30, a 20 per cent rise on the comparable £812,000. Turnover advanced 25 per cent from £36.7m to £45.9m.

A satisfactory result for the year was seen with sales for July and August having been above the same period last year.

Earnings per share were 0.56p (0.68p) and the interim dividend is maintained at 0.65p.

Waterhouse tumbles to £51,114 losses

Waterhouse Group, the USM-quoted company which fits out and refurbishes office interiors, suffered a pre-tax loss of £51,114 for the half year ended March 31 after exceptional redundancy costs of £24,560. There were profits of £55,417 last time.

Turnover was little changed at £1.13m (£1.17m) but margins came under pressure, Mr Robert Ackland, the chairman, said.

Losses per share were 2p (2.2p earnings).

Carlisle halves deficit to £344,000

Carlisle Group, the property services company, reported pre-tax losses less then half the previous year's figure at £344,000 for the six months to June 30.

The outcome was struck on turnover up by £705,000 to £2.69m and compared with a deficit of £707,000 last time.

Mr Jonathan Harris, chairman, said that in spite of the useful fillip given to certain sectors of the property market by the fall in interest rates, the business of property services, the core activity, remained difficult.

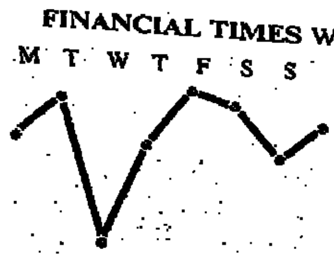
Fairbriar cuts losses to £1.55m midway

Reduced pre-tax losses of £1.55m were announced by Fairbriar, which is involved in contract management and property development, for the six months to June 30. Losses last time amounted to £6.39m.

The results include two months when Fairbriar was still in administration. Under the reconstruction proposals approved by creditors and shareholders in January the company's year end was changed from March 31 to December 31.

Sales in the period totalled £14.8m against £2.42m, with the Thames Ditton property being sold for £8.5m.

Losses per share were reduced to 8.13p (16.78p).



ECONOMIC DIARY

TODAY: 1993 Bar Conference in London.

MONDAY: Credit business (August). Monetary statistics (including bank and building society balance sheets; bank and building society sterling: lending and M4 quarterly sectoral analysis (August); and MO figures (September). Bill turnover statistics (August). Sterling commercial paper (August). Money market statistics (August). London sterling certificates of deposit (August). ASEAN economic ministers meet in Singapore. EC monetary committee meets in Brussels. Referendum to endorse Mr Hosni Mubarak for third six-year term as president of Egypt. Spanish government, unions and businessmen resume talks on "social pact". Building Employers' Confederation state of trade inquiry publication. The Royal Institute of International Affairs holds conference "Inside Saudi Arabia: Society, Economy and Defence" in London. Official launch of new InterCity shuttle high-speed rail service from Cardiff to Paddington.

TUESDAY: UK official reserves (September). Housing starts and completions (August). House renovations (second quarter). US home completions (August). Conservative Party conference opens in Blackpool (until October 8). Danish parliament opens autumn session; prime minister gives state of the nation speech.

WEDNESDAY: Overseas travel and tourism (July). Advance energy statistics (June-August). Japanese current account and trade balance (August). National elections in Pakistan. Brazilian Congress begins constitutional revision.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. Cyclical indicators for the UK economy (August-first estimate). US wholesale trade (August) and consumer credit (August). Nato parliament meets in Copenhagen. Mr Manfred Woerner, secretary-general, presents annual report. Bundesbank council meets in Frankfurt.

FRIDAY: Summit meeting of the Council of Europe in Vienna (until October 9).

LIFFE EQUITY OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Allied-Lyons	550	23	37½	48½	7	21½	27½
(*563)	600	3½	15½	26	38½	52	56½
Argyll	390	15½	24½	32	5	13½	17
(*387)	300	5½	15	22½	18½	25	28
ASDA	48	8½	-	-	1	-	-
(*56)	57	2	-	-	4	-	-
Brit Airways	360	13½	28	36	10	22	38
(*382)	390	3½	14½	23	33	41	46
Smkl Bchm A	390	24	38½	48	7½	21	25½
(*403)	420	8½	24½	34½	21	37	41
Boots	460	27½	36½	47	4½	14	20½
(*478)	500	5	17	27	25	35½	41½
BP	300	31½	37½	42	2	5½	8½
(*329)	330	8	18½	24	8½	16½	20½
British Steel	120	10	15	20	3	7½	9½
(*126)	130	4½	10	15	8	13	15
Bass	420	43	50½	54	1½	11½	17½
(*457)	460	12	25	31	11½	30½	37
Cable & Wire	850	47½	66	87	7	24	33½
(*883)	900	14½	37	60½	29	48	59½
Courtaulds	460	42	53½	63	2½	11½	15½
(*495)	500	12	30	39½	14½	28½	32½
Comm Union	580	56	-	-	1½	-	-
(*528)	629	16	-	-	13	-	-
GKN	460	12½	-	-	11	-	-
(*461)	500	2	-	-	41	-	-
ICI	681	44½	65	-	4½	16½	-
(*715)	750	5½	28	35½	38½	49½	68
Kingfisher	632	23	-	-	10½	-	-
(*642)	650	12½	34	48½	19	31	39
Land Secur	650	38½	48½	61	4	15½	19
(*677)	700	7	22	35	28	42½	44½
Marks & S	360	31	38	45½	2	7	10½
(*388)	390	8½	19½	27	11	19	23
NatWest	500	23	39	45½	5	15	25
(*515)	550	2½	14½	21	38	43	53½
Sainsbury	390	33½	42½	52	2½	11	15½
(*415)	420	13	28	34½	12½	23½	29
Shell Trans.	650	30½	50½	55½	3½	12½	22½
(*675)	700	4½	22	28	28	35½	48
Storehouse	200	19	24½	28	2	6½	9
(*214)	220	6	12½	16½	9½	18	19
Trafalgar	92	14½	-	-	1	-	-
(*103)	101	7	-	-	3	-	-
Unilever	1000	56½	76	91	5	21½	32
(*1043)	1050	19½	48½	60½	22½	44½	55
Zeneca	700	38½	53	74	7	22	38½
(*727)	750	11	35	47½	31½	45½	65½
Option		Oct	Feb	May	Oct	Feb	May
Grand Met	390	31½	43	50½	3½	14	17½
(*416)	420	10½	24½	33	13½	28½	32
Ladbroke	180	6	17½	21½	8½	13	19
(*185)	200	2	9	13	21½	25½	32½
Utd Biscuits	330	20½	31½	35	6	15½	22
(*344)	360	5	17½	21	26	32	42½
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	11	15	21	4½	9½	14
(*165)	180	3	6½	12½	17½	22	26½
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	390	41	59½	69	11½	25	35½
(*393)	420	23½	44	55	23	40	51

Option		CALLS Nov	Feb	May	PUTS Nov	Feb	May
BAT Inds	450	26½	39½	-	9½	16½	-
(*460)	475	13½	28	-	23	30	-
BTR	360	21½	29	33	6½	12	16
(*371)	390	6	14	18	23	28	33
Brit Telecom	420	24½	30	37½	6	14½	17
(*433)	460	5	11½	17½	28½	37	38½
Cadbury Sch	414	43	53	55½	2½	7	14
(*450)	453	15	29	31	14½	22½	31½
Eastern Elec	550	24	35	43½	11½	22	25½
(*557)	600	5	14	21	44	51	53
Guinness	420	18	34	38	15½	23½	29
(*422)	460	5½	17	22	44	49½	58½
GEC	330	31½	36	43	3	7	8
(*355)	360	11	18½	25	13	19½	21
Hanson	240	18	22	24	3	7½	10½
(*253)	260	6½	11½	14	12	17	20½
Lasmo	140	12½	19½	23½	6		13
(*145)	160	5	10½	15	18½	21	23½
Lucas Inds	140	12½	18	21½	5½	9	12½
(*149)	160	4	8½	12	18	21½	24
P & O	550	25½	45½	50½	17½	27½	34½
(*555)	600	7½	23	30	51½	57½	63½
Pilkington	140	14	17½	21	5	9½	12½
(*147)	160	4½	9	12	17	22½	24½
Prudential	330	24	33	38	5	9	15½
(*345)	360	7½	16½	19½	19½	24½	31½
RTZ	650	44	62	69½	10½	18½	25
(*676)	700	18½	34	48½	34½	43	48
Redland	550	21	38	46	24	33½	48½
(*558)	600	5½	18	28½	59	68	80½
Royal Insce	288	35	43	-	2½	6½	-
(*316)	317	14½	25	-	12	17½	-
Scot & New	460	22½	-	-	12	-	-
(*468)	500	6	-	-	38	-	-
Tesco	180	17	23½	26½	4	7½	11½
(*193)	200	7	13½	16½	14½	18	22
Vodafone	500	32½	48	59½	15½	28	34
(*511)	550	11	25½	36	46½	57	62½
Williams	300	30	38½	42	3½	8	13½
(*322)	330	11	21	24½	16	21½	28
Option		Nov	Jan	Apr	Nov	Jan	Apr
BAA	850	32½	44	60½	21	32½	39
(*854)	900	11½	21	37	52	62½	68
Thames Wtr	500	44	47½	56½	4½	10½	14½
(*538)	550	10½	18½	28	28	33	37½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	390	33	41	44½	7	15	18½
(*410)	420	15	23½	28	21	30	33
Amstrad	40	7	8½	10	2½	3½	4½
(*44)	45	4½	6	7½	4½	8	7
Barclays	500	48½	58½	63½	7	16	19
(*533)	550	18	28½	36	28½	39	43
Blue Circle	280	19	29	31½	13½	19½	27
(*282)	300	10½	19	23	25½	30½	38½
British Gas	300	30	34½	37	4½	8	13
(*326)	330	8	17½	20½	17½	21½	28
Dixons	240	32	38	44	7	13½	16½
(*258)	260	19	26½	33½	15	22½	26
Eurotunnel	500	42	-	-	31	-	-
(*506)	550	23½	-	-	63	-	-
Hillsdown	140	21½	23½	24½	3	6	10½
(*158)	160	7½	12	13½	12½	15½	21½

Option		CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
Lonrho	120	11	15	18	7½	12½	14½
(*121)	130	6½	11	13½	13½	18	20
Natl Power	390	19	28	35	14	19	24½
(*394)	420	6½	15	21½	32	36½	41½
Scot Power	360	40½	35½	42½	3	8	11
(*382)	390	12½	19	25½	16½	22	24½
Sears	110	7	10½	12	5½	7½	10
(*112)	120	3½	5½	7½	12½	13½	18
Forte	220	11½	19	22	14	16½	24
(*220)	240	4½	11½	14	28½	31½	36½
Tarmac	135	16½	21	24	6	9½	13½
(*148)	155	7	12	15	17½	21½	25
Thorn EMI	900	73½	86½	103	13½	26½	32½
(*948)	950	41½	58	72½	32	47½	53½
TSB	220	13	18½	22½	9½	16½	18½
(*220)	240	5½	10½	14	23	28½	30½
Tomkins	220	25	30	34½	5	9	12
(*237)	240	12½	18	24	14	18½	21½
Vaal Reefs	60	15½	-	-	6	-	-
(*S68)	70	11	-	-	12	-	-
Wellcome	700	42	65	77½	39½	53	64½
(*703)	750	21½	44½	57	72	84	94½
Option		Dec	Apr		Dec	Apr	
Glaxo	600	65	86	-	19½	38½	-
(*636)	650	35	60	-	42½	61½	-
HSBC 75p shs	700	49	71½	-	-	24½	47
(*714)	750	25½	47	-	-	52½	74½
Reuters	1500	77½	112	-	51	85½	-
(*1506)	1150	53	86½	-	77½	172	-
Option		Dec	Feb	May	Dec	Feb	May
Rolls-Royce	140	3½	17½	22	21½	9½	12
(*150)	160	1½	8	13	40	22½	22½

EURO FT-SE INDEX (*3061)

	2875	2925	2975	3025	3075	3125	3175	3225
CALLS								
Oct	176	127	81½	44	17	5	1	½
Nov	190	147	108	75	48½	29	16	8
Dec	210	170	133	99½	71	47½	30	18
Mar	-	211	-	146	-	93½	-	55½
Jun †	-	237	-	175	-	124	-	84
PUTS								
Oct	2½	5	8	18	41½	78½	124	175
Nov	7½	14	24½	41	64	94	130	172
Dec	18½	27½	39½	55½	76½	102	134	171
Mar	-	54	-	85½	-	130	-	189
Jun †	-	71	-	104	-	149	-	205

FT-SE INDEX (*3037)

	2850	2900	2950	3000	3050	3100	3150	3200
CALLS								
Oct	204	155	106	61½	28½	9	2	1
Nov	217	172	129	92	61½	38½	20	9½
Dec	233	190	150	114	84½	59½	38½	24½
Jan	245	204	167	133	101	78	53	37½
Jun †	-	254	-	191	-	138	-	93½
PUTS								
Oct	1½	3	5½	12	28½	63	113	163
Nov	8	14	21½	34	54½	83	118	163
Dec	17½	23½	33½	47½	68½	94½	127	166
Jan	36	35	46½	62½	82	107	137	174
Jun †	-	67½	-	102	-	149	-	207

October 1 Total Contracts 20,775
Calls 13,410 Puts 7,365
FT-SE Index Calls 4,885 Puts 2,398
Euro FT-SE Calls 438 Puts 463
*Underlying security price. †Long dated expiry mths.
Equity premiums are based on closing offer prices.
Index options are settlement prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53
Amstrad	3½	Comm Union	46	ICI	45	Sears	7½	MEPC	37
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	SmKl Bchm A	34	■ OILS	
BAT Inds	39	Eurotunnel	40	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	49	FKI	12	Lex Service	34	TSB	15	Aviva Pet	9
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23
BTR	28	Forte	17	Lonhro	10½	Thorn EMI	75	Burmah Castrol	60
Barclays	38	GKN	40	Lucas Inds	12	Tomkins	18	Premier Cons	2½
Blue Circle	21	Gen Accident	52	Marks Spencer	27	T & N	16	Shell	46
Boots	40	GEC	25	NatWest Bank	28	Unilever	72	■ MINES	
Bowater	37	Glaxo	40	P & O Dfd	50	Vickers	12	RTZ	52
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52		
British Steel	10	GRE	17	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Year ago	*High	*Low
Govt Secs (UK)	102.04	102.17	101.86	101.67	101.68	88.85	102.88	93.28
Fixed Interest	123.06	123.05	122.64	122.66	122.58	103.78	125.20	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Sep 30	105.2	107.0
Sep 29	131.8	105.2
Sep 28	99.6	97.0
Sep 27	109.5	99.7
Sep 24	88.9	98.3

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

London coffee market in retreat

WHEN COFFEE prices rebounded from early lows on Tuesday, traders at the London Commodity Exchange were under no illusions that the retreat from recent 2¼-year highs was over. "The market looks very weak," one told the Reuter news agency. "It should, by rights, move lower."

His worlds proved prophetic. Tuesday's low of $1,235 a tonne for the November robusta futures position was quickly left behind and expected psychological support level at $1,200 a tonne gave way without a struggle. By yesterday's close the November contract was quoted at $1,160 a tonne, down $104 on the week and $175 below the late-August high.

The irony is that this week's plunge came as producers were counting the hours to yesterday's commencement of their much-vaunted scheme to withhold 20 per cent of production from the market, which had been largely responsible for the July-August rally that lifted the November position by more than $400 a tonne, or 46 per cent.

As is often the case, the market's confidence in the plan began to wane as the moment of truth approached. "The retention plan's positive implications have been fully absorbed," said Mr Lawrence Eagles, commodities analyst at GNI, the London trade house, after Wednesday's $59 fall. "And investors are now beginning to wonder how effective it will be and how long it will last." For his own part he thought the producers' resolve was strong and that the scheme would operate "for a few years at least".

After an edgy week the cocoa market ended on an upbeat, with the December position, which had see-sawed between £892 and £940, closing yesterday at £936 a tonne, up £20 on balance. Meanwhile, the March 1994 contract, the new second position, rose to £969 a tonne breaking, though hardly decisively, chart-based resistance at £967, the long-time high for the second position reached in May 1990.

Tempering cocoa traders' enthusiasm, however, was the knowledge that some of this week's rise, reflected a decline in sterling against the US dollar. In late trading yesterday the March futures position at New York's Coffee, Sugar and Cocoa Exchange was trading at $1,228 a tonne, up $19 on the week.

Copper, the London Metal Exchange's flagship contract, led its convoy into shallower waters this week as, following the recent ending of the supply squeeze that had been propping up nearby prices, bearish fundamentals for the metal continued to drain market confidence.

The three-months position closed yesterday at $1,699.25 a tonne, $36.25 above Thursday's six-year low but still $67.25 down on the week. Dealers said the late rally, which came despite news of big rise in LME warehouse stocks, was in reaction against an oversold market situation.

The dismal performance of the copper market seemed to knock what little stuffing they had out of the tin and nickel markets. Both had staged quite spirited rallies last week, following four week's of heavy losses. But this week saw the two metals' bearish fundamentals reasserting themselves.

What dealers described as a "mini-collapse" on Monday wiped out $75 of three-months tin's $250 rally, and as persistent selling by the US Defence Logistics Agency revealed a paucity of buying interest the price subsided further to end $190 down at $4,437.50 a tonne.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+11,100	to 2,201,725
Copper	+10,500	to 601,725
Lead	unchgd	at 287,525
Nickel	+2,262	to 117,930
Zinc	+4,125	to 801,775
Tin	-90	to 21,085

The $150 nickel rally had been encouraged by news that Inco of Canada, the biggest producer, was talking to unions about production cuts in an effort to reduce costs after the three-months price slumped below the critical $2 a lb mark. But as further details were awaited LME stocks, already at a record level, continued their relentless rise and the price fell to a fresh 6¾-year low – the gloom being deepened by a forecast suggesting that the expected Russian output decline might be significantly less than western producers had been hoping for.

At yesterday's close three-months nickel was at $4,112.50 a tonne, up $20 on the day but $277.50 down on the week.

The gold price price continued to move in inverse proportion to the dangers perceived to attend the Russian parliament crisis, and after an edgy week it closed in London yesterday at $355.20 a troy ounce, down $2.05 on balance.

For the oil market Geneva was the focus of attention as the Organisation of Petroleum Exporting Countries met this week to set supply quotas for the coming six months. The consensus among oil traders seems to be that the agreed ceiling if 24.52m barrels a day, together with the inclusion of Kuwait (which had stayed out of the last deal), was about as much as could realistically have been hoped for, and prices regained some of the recent losses.

In late trading yesterday at London's International Petroleum Exchange the North Sea Brent crude futures contract for December delivery was quoted at $17.55 a barrel, up $1.03 on the week.

This week's Opec-related trading boost put the finishing touches to a bumper month for the IPE, with total turnover moving 8.7 per cent ahead of the July record to 1.387m barrels. An exchange official said yesterday it was particularly encouraging to see the IPE contract being used increasingly by Middle East producers to hedge forward sales, at the expense of the New York Mercantile Exchange's West Texas intermediate contract.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Oct 1	Day's change %	Thu Sep 30	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.70	+0.02	128.67	2.06	8.58
2	5-15 years (22)	155.49	-0.02	155.52	2.01	10.12
3	Over 15 years (9)	175.29	-0.09	175.45	1.35	9.70
4	Irredeemables (6)	206.97	-0.24	207.48	3.54	8.83
5	All stocks (62)	151.09	-0.03	151.13	1.94	9.61
	Index-Linked					
6	Up to 5 years (2)	187.19	+0.01	187.17	0.04	4.28
7	Over 5 years (11)	184.53	+0.05	184.44	0.82	3.89
8	All stocks (13)	183.90	+0.04	183.82	0.74	3.92
9	Debs & Loans (66)	142.85	-0.33	143.32	2.01	8.61

AVERAGE GROSS REDEMPTION YIELDS

			Fri Oct 1	Thu Sep 30	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.28	6.26	7.98	7.22	29/4	6.24	28/9
2	Coupons	15 years	7.10	7.09	8.90	8.37	12/1	6.98	8/9
3	(0%-7¾%)	20 years	7.21	7.19	9.14	8.64	20/1	7.10	13/9
4	Medium	5 years	6.54	6.53	8.60	7.58	11/1	6.43	8/9
5	Coupons	15 years	7.24	7.23	9.37	8.83	19/1	7.11	13/9
6	(8%-10¾%)	20 years	7.30	7.28	9.51	9.05	20/1	7.18	13/9
7	High	5 years	6.74	6.73	8.84	7.78	11/1	6.63	8/9
8	Coupons	15 years	7.48	7.44	9.63	8.11	20/1	7.34	13/9
9	(11%-)	20 years	7.48	7.46	9.68	9.20	20/1	7.36	13/9
10	Irredeemables (Flat Yield)		7.35	7.32	9.57	9.05	20/1	7.26	13/9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.57	2.56	3.61	3.03	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.18	3.18	4.12	3.89	14/1	3.14	13/9
13	Inflation rate 10%	Up to 5 yrs.	1.78	1.75	2.85	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.01	3.01	3.94	3.72	14/1	2.97	13/9
15	Debs &	5 years	7.89	7.81	9.96	8.97	4/1	8.41	16/3
16	Loans	15 years	8.17	8.13	10.58	9.94	19/1	9.14	10/3
17		25 years	8.30	8.28	10.65	10.10	19/1	9.38	10/3

Banesto unveils shake-up of industrial portfolio

By Tom Burns in Madrid

BANESTO, the big Spanish bank, yesterday announced a divestment in the steel sector and plans to buy out minority shareholders in Corporación Banesto, the umbrella company for its industrial assets.

The bank said that it had reduced its stake in Acerinox, the profitable stainless steel producer, from 37 per cent to 8 per cent, though a placement with European and US producers lead-managed by J.P. Morgan Securities.

Banesto, which owns 85 per cent of Corporación Banesto, plans a public share offer for the outstanding 15 per cent of the industrial conglomerate. The bid is being made to gain full fiscal advantage. Under Spanish tax laws, ownership in excess of 90 per cent allows the parent institution to consolidate results.

The disposal of the Acerinox interests is the first Banesto divestment to be managed by J.P. Morgan. It follows a wide-ranging agreement cemented with the US investment bank earlier this year, and designed to raise $1.1bn in capital. The steel disposal, for $213m, will give Banesto an estimated capital gain of $28m.

Under central bank guidelines, domestic financial institutions have to reduce industrial holdings in their accounts to 20 per cent of the capital by 1998. Before the Acerinox disposal, Banesto had a capital-to-industrial holding ratio of around 39 per cent.

Acerinox, which controls 65 per cent of the domestic stainless steel market and is the fifth-largest producer in Europe, posted net profits of $23.6m in the first six months of this year.

Banesto is offering Pta2,500 for outstanding shares in its industrial conglomerate, a price which represents a 25 per cent premium on the average share value over the past six months. It is Pta425 up on its Thursday closing price of Pta2,075.

The minority interests are widely distributed, save for a 3 per cent stake owned by AGF, the French insurance group.

Analysts said that Banesto could be "tidying up" its control over the industrial group as a preparation for further disposals.

Over the past two years, the bank has sold the refinery and petrol distributor Petromed, its combined cement interests, and a stake in the insurance company Union y Fenix.

J.P. Morgan manages the Corsair Fund, an equity portfolio which owns 7.9 per cent of Banesto following the bank's capital increase.

Rhône-Poulenc confirms deal

By John Ridding in Paris

RHONE-POULENC, the French chemicals group, yesterday confirmed plans to raise its stake in Institut Mérieux, a producer of human and animal vaccines, from 51 per cent to 100 per cent, under an agreement with the subsidiary's minority shareholders.

The agreement, which requires approval by the two companies' boards and shareholders, will allow Rhône-Poulenc to integrate Institut Mérieux more fully into its healthcare division.

It could also help create a stable shareholder base for the chemicals group, after the sale of the government's stake in the company.

The French government, which currently holds about 43 per cent of Rhône-Poulenc, is due to sell its stake within the next few months as part of its ambitious privatisation programme.

Under the terms of the deal announced yesterday, Rhône-Poulenc will exchange 77 group shares for every five shares in Institute Mérieux.

As a result, the 16 per cent stake in Institut Mérieux currently held by the Mérieux family, and the 14 per cent stake held by the Dassault family, will be transformed into shares of about 5 per cent and 4 per cent respectively in Rhône-Poulenc. The balance of the shares in Institut Mérieux are controlled by the public and the Pasteur Institute.

Rhône-Poulenc said the merger should not have a significant dilutative effect on income per share. It said the capital increase would be compensated by the improved income resulting from the elimination of minority interests relating to Institut Mérieux.

At the end of August, the market capitalisation of Institut Mérieux stood at FFr13.2bn ($2.3bn). In the first half of this year, the company reported net profits of FFr254m, more than double the FFr113m recorded in the first six months of 1992. Sales in the first half of 1993 were FFr3.37bn.

Most of the company's sales come from human health products such as vaccines for tuberculosis and influenza. Animal health products account for about 40 per cent of turnover.

Usinor slides further into red

By John Ridding

THE CRISIS in the European steel industry prompted a sharp deterioration in results at Usinor Sacilor, the French state-owned steel group. First-half net losses rose to FFr2.59bn ($455m) from FFr200m in the first six months of 1992.

The downturn reflected a continued deterioration in demand and prices for most steel products in Europe. Sales fell 17.4 per cent to FFr39.74bn, the group said.

The current six months were unlikely to show any significant improvement over the first half, it warned. Steel industry analysts forecast that group losses would continue to mount, and that the net deficit for the full year would be in the order of FFr5bn.

The half-year results included an exceptional surplus of FFr2.4bn resulting from a change in accounting methods.

The group said the change brought its accounting methods in line with other European and US steel companies.

The exceptional gain, however, was offset by a FFr2.2bn exceptional charge arising from provisions for the group's Saarstahl subsidiary.

Usinor Sacilor said that in spite of the weak results, there had been some encouraging developments in the first half. The group reduced net debt to FFr27bn from FFr29.5bn at the end of last year, and forecast a continued reduction in borrowings.

This would be achieved through the proceeds of a planned sale of its majority stake in LME, a rolled steel operation, and the sale of shares in J&L Specialty Products, its US stainless steel operation.

Goldsmith buys stake in Australia goldminer

By Nikki Tait in Sydney

SIR James Goldsmith, the Anglo-French financier, yesterday emerged as a surprise investor in Bendigo Mining, a small Australian goldminer which controls one of the country's most historically productive fields.

Sir James gave the gold price a fillip earlier this year when he sold a stake in Denver-based Newmont Mining to Mr George Soros, the international investor.

Bendigo Mining, based in Victoria, announced that the bulk of a A$10m (US$6.5m) share placement was being taken up by interests associated with either Sir James, or with Consolidated Press, the private company controlled by Mr Kerry Packer, the Australian businessman.

Bendigo is issuing 20m new shares at 50 cents each to raise A$10m. Yesterday it said Sir James would take 7.5m shares, at a cost of A$3.75m, while Consolidated Press would take a similar number. The remaining 5m shares would be sold to institutions. The purchase will give Sir James a 5.3 per cent stake in the company. Consolidated Press will hold a similar interest.

Mr Packer had been a Bendigo shareholder previously. He sold his former interest in June.

Sir James and Mr Packer are friends, and have had business associations in the past. Mr Packer, for example, was an important figure in the Goldsmith-led consortium which mounted a £13bn ($19.4bn) bid for the UK's BAT Industries in 1989, while Mr Al Dunlap, managing director of Consolidated Press until last February, previously worked at Sir James' Crown Zellerbach timber group in the US.

Historically, Bendigo is Australia's second most productive goldfield, eclipsed only by Kalgoorlie's famous "Golden Mile". However, mining halted at the Victorian field in the 1950s.

NY Post acquisition cleared to proceed

PRODUCTION workers at the New York Daily Post have cleared the way for Mr Rupert Murdoch to complete his acquisition of the title after ignoring a strike by journalists, circulation and advertising staff, writes Karen Zagor.

The newspaper was back on the streets yesterday after the three-day dispute, led by the Newspaper Guild.

Swissair seeks to calm merger fears

By Ian Rodger in Zurich and Hugh Carnegy in Stockholm

SWISSAIR said yesterday that the proposed collaboration with KLM Royal Dutch Airlines, Scandinavian Airlines System (SAS) and Austrian Airlines could add SFr1.6bn ($1.1bn) to the combined profits of the four companies after a three-year start-up period. The extra profits would come from higher revenues and lower costs, it said.

The Swiss national airline said talks on the collaboration, called the Alcazar project, had reached an "intensive stage", with the partners close to agreement on several fundamental points. It hoped that a memorandum of understanding would be signed "in the next few weeks", and that operations could begin early next year.

It pointed out, however, that before operations began, an integration agreement would need to be concluded and approved by the companies' shareholders.

The airline appears to have issued the statement mainly to reassure shareholders, who have been unnerved by a number of recent speculative reports. In particular, concern has been expressed in Swiss financial circles that Swissair might be undervalued relative to the other companies in the proposed structure.

The plan is that Swissair, KLM and SAS would each have 30 per cent of a centralised management company. Austrian Airlines would have 10 per cent.

However, Swissair noted that "independent valuations of the four partners have suggested different proportions of relative worth. Some forms of offset will therefore be required. These are currently being developed." It added that it was "committed to the interests of its shareholders in all such activities".

Swissair said the offsets could include removing some of its subsidiary businesses – such as catering, hotels and aircraft maintenance – from the combined group.

The airline also sought to allay fears of large numbers of compulsory redundancies, saying that a 10 per cent overall reduction in jobs was expected and would be borne "in equal proportions by all four partners".

Mr Jan Carlzon, the top SAS negotiator on the Alcazar project, said this week the proposed four-way airline alliance could hit its target of being ready for operation in April next year. However, he pointedly refused to give any guarantees of a successful outcome.

"If we do not resolve the outstanding critical questions there will be no deal," he told a Swedish newspaper yesterday.

Meanwhile, SAS completed a reshuffle of its senior management following Mr Carlzon's recent resignation as president and chief executive. He quit last Monday to concentrate on the Alcazar project.

Mr Jan Reinas, Mr Carlzon's temporary successor, is also to take over as chief operating officer from Mr Kjell Fredheim, a key Carlzon lieutenant who will now head corporate development. Mr Steffen Harpoeth has already quit as deputy president, effectively completing the removal of Mr Carlzon's team from the top echelon of SAS, which has seen mounting losses this year.

Mr Carlzon himself has moved out of SAS headquarters in the Stockholm suburbs, and into an office in the city.

Armco to take $205m charge

By Karen Zagor in New York

ARMCO, the US steel group, said yesterday it would take a $205m pre-tax charge against third-quarter earnings to cover the sale of several businesses.

The company has completed the sale of part of its Worldwide Grinding Systems unit to Leggett & Platt, its partner in the joint venture, and announced an agreement to sell the remainder.

The move is part of Armco's strategy of concentrating on specialty steels. The group has been steadily selling non-strategic businesses after years of being one of the most diversified US steel companies.

Armco now focuses on manufacturing specialty flat rolled steel, grinding systems, carbon steel and fabricated products.

It has completed the sale of Worldwide Grinding Systems' 50 per cent stake in several wire-drawing operations, for $33m in cash. The rest of the business is expected to be sold to Bain Capital, a Boston-based investment firm, in partnership with members of the unit's management, for $80m, excluding post-closing adjustments. The sale agreement is expected to be completed by the end of the year.

Worldwide Grinding Systems produces grinding balls, rods, castings and process control systems for the mining industry. It also produces high-carbon wire rods. The business had sales of $400.4m last year and underlying operating income of $10.1m, stripping out special charges of $19.1m and income from joint ventures of $13.8m.

Armco expects gross cash proceeds of nearly $170m from the Worldwide Grinding divestment, and from the previously-announced sale of its Brazilian strip operations. About $24m will be used to retire debt and other obligations associated with Worldwide Grinding.

The company posted a loss of $25.2m, including extraordinary items, in the 1992 third quarter. It said $150m of its 1993 third-quarter special charge would cover the disposal of a number of other businesses in its steel and fabricated products interests.

Earnings at Clarins drop 22% to FFr100m

By Alice Rawsthorn in Paris

CLARINS, the French skincare company, saw net profits fall 22.5 per cent to FFr100.8m ($17.7m) in the first six months, from FFr130m in the corresponding period last year. It blamed sluggishness in the cosmetics market, adverse exchange rates and high launch costs.

The company, which has expanded rapidly in recent years, mainly through its export markets, also anticipated an overall reduction in net profits for the full year. However, it hoped the rate of decline would be lower than in the first half.

Consolidated sales rose 3.6 per cent to FFr999.1m, from FFr964.4m in the first half. However, the depressed economy held sales growth below the group's expectations.

Profitability was further depressed by the cost incurred in the launch of Angel, the new Thierry Mugler perfume, and by the impact of the fall in short-term interest rates on Clarins' financial structure.

The company was also affected by the relative strength of the franc against other currencies.

This trimmed its interim net profits growth by an estimated 6.7 per cent.

However, Clarins said that it was determined to continue with its long-term investment strategy, in spite of the difficult economic environment.

Metall Mining drops C$171m share offering

By Robert Gibbens in Montreal

METALL Mining has dropped a public share offer intended to finance the C$171m (US$131.5m) acquisition of its German parent's European copper smelting asset. Sharply declining copper prices are behind the decision.

Metall is the main Canadian-based mining and exploration arm of Metallgesellschaft, and has international mining interests.

Instead of the public offer, Metall has issued 15.9m shares at C$10.75 each to the parent in exchange for the smelting interests. This raises Metallgesellschaft's interest in Metall to 68 per cent from 60.5 per cent.

Mitsubishi Materials forced to halve forecast

By Robert Thomson in Tokyo

MITSUBISHI Materials, the metals and cement company, yesterday blamed the yen's rapid rise and the domestic economic downturn as it halved its pre-tax profit forecast, to Y4bn ($37.7m) for the year ending March.

Most Japanese companies have cut forecasts for the first half to September, and for the full year, as hopes fade for an economic recovery. Some companies fear the economy will remain weak until late next year.

Mitsubishi Materials also halved, to Y2bn, its pre-tax forecast for the first half, compared with a result of Y6.04bn in the same period last year.

Sales in the half are expected to total Y340bn, down from Y377.1bn, while sales for the full year are forecast at Y700bn, against Y743.3bn.

The fall in sales reflects the weak demand from leading Japanese manufacturers, including the car and electronics industries. These have been hit hardest by the yen's strength, and are continuing to reduce production targets.

Mitsubishi Materials, formed through the merger of Mitsubishi Metal and Mitsubishi Mining and Cement, had hoped that a revival of demand from the construction industry would boost profits in the second half. However, construction orders have fallen sharply in the past two months.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$355.20	-2.05	$348.15	$405.75	$326.05
Silver Per troy oz	270.00	-4.00	214.10p	362.50p	236.00p
Aluminium 99.7% (cash)	$1096.0	-2.0	$1212.5	$1240.00	$1098.00
Copper Grade A (cash)	$1679.5	-70.0	£1331.5	$2375.00	$1108.50
Lead(cash)	$361.5	-5.5	£342.5	$460.00	$361.50
Nickel (cash)	$4062.5	-280	$6705	$6340	$4043.5
Zinc SHG (cash)	$879.0	+3.5	$1308	$1112	$868.0
Tin (cash)	$4385.0	-197.5	$6385	$6047.5	$4340.0
Cocoa Futures (Mar)	£969	+26	£687	£969	£663
Coffee Futures (Jan)	$1172	+14	$802	$1297	$836
Sugar (LDP Raw)	$259.9	+0.3	$225.0	$317.4	$204.5
Barley Futures (Jan)	£104.65	-0.35	£122.40	£110.30	£101.50
Wheat Futures (Jan)	£102.60	-1.90	£123.20	£149.45	£102.60
Cotton Outlook A Index	55.40c	+0.30	54.20c	62.35c	54.60c
Wool (64s Super)	323p	-4	398p	403p	319p
Oil (Brent Blend)	$17.35x	+0.99	$20.50	$19.53	$15.685

Per tonne unless otherwise stated. p-pence/kg. c-cents lb. x-Nov.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$15.05-5.10z	-0.14
Brent Blend (dated)	$17.12-7.14	-0.14
Brent Blend (Nov)	$17.34-7.36	-0.14
W.T.I (1 pm est)	$18.68-8.72z	-.185
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$186-188	
Gas Oil	$177-178	-2.0
Heavy Fuel Oil	$61-63	
Naphtha	$153-156	-3.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$355.20	-0.05
Silver (per troy oz)♣	406.5c	
Platinum (per troy oz)	$361.10	+1.85
Palladium (per troy oz)	$125.15	-0.10
Copper (US Producer)	86.0c	+0.6
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	11.15m	
Tin (New York)	203.5c	-1.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	118.26p	-0.64*
Sheep (live weight)†♠	80.94p	+1.18*
Pigs (live weight)†	61.31p	-0.85*
London daily sugar (raw)	$259.9	+6.7
London daily sugar (white)	$287.0	
Tate and Lyle export price	£285.0	+7.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120u	
Wheat (US Dark Northern)	£166.5u	
Rubber (Nov)♥	59.00p	+1.00
Rubber (Dec)♥	69.25p	+1.00
Rubber (KL RSS No 1 Jul)	198.5m	-0.5
Coconut oil (Philippines)§	$417.5v	+2.5
Palm Oil (Malaysian)§	$330.0z	-5.0
Copra (Philippines)§	$275	-5
Soyabeans (US)	£194.0u	+4.0
Cotton "A" index	55.40c	+0.05
Wooltops (64s Super)	323p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Nov/Dec u-Oct t-Sep/Oct x-Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL - IPE ($/barrel)	Latest	Previous	High/Low	
Nov	17.31	17.43	17.39	17.21
Dec	17.49	17.59	17.57	17.40
Jan	17.69	17.67	17.67	17.49
Feb	17.74	17.83	17.78	17.61
Mar	17.81	17.88	17.83	17.74
Apr	17.84	17.91	17.91	17.83
May	17.94	17.96	17.98	17.89
Jun	17.95	18.05	18.02	17.94
Jul	18.06	18.04	18.08	17.99
IPE Index	17.38	17.07		

Turnover 25944 (87767)

GAS OIL - IPE ($/tonne)	Close	Previous	High/Low	
Oct	174.25	176.00	174.50	173.50
Nov	174.50	176.75	175.25	173.75
Dec	175.25	176.75	175.75	174.25
Jan	175.75	176.25	175.75	174.25
Feb	174.50	174.50	174.50	173.00
Mar	173.00	174.00	173.00	171.25
Apr	170.50	171.00	170.25	169.50
Jun	168.50	168.50	168.75	167.75

Turnover 17878 (33802) lots of 100 tonnes

SUGAR - LCE ($ per tonne) White	Close	Previous	High/Low	
Dec	282.10	277.50	282.10	278.00
Mar	284.00	279.10	284.00	279.00
May	285.00	280.70	285.00	281.40
Aug	287.00	284.80	287.00	285.50
Oct	281.00	277.70	281.00	278.00

Turnover 3326 (1231) Paris- White (FFr per tonne): Dec 1608.51 Mar 1639.74

FRUIT AND VEGETABLES
English and French apples are this week's best buy, reports FFVIB. English Cox's Orange Pippins are 30-55p a lb (35-55p) and French Royal Gala are 35-55p a lb (30-55p). Another good buy is Italian black seeded grapes at 45p-£2.00 a lb (60p-£1.50). English Brussels sprouts are the best vegetable buy at 20-45p a lb (20-60p). English and Dutch leeks are 40-65p a lb (40-65p). Corn-on-the-cob is in peak season, available at 15-30p a cob (20-35p). There is a tremendous variety of tomatoes available, making them the best salad buy.

The Spices report was unavailable.

No.7 RAW SUGAR - LCE (cents/lbs)	Close	Previous	High/Low	
Mar	11.00	-	10.78	10.68
May	10.86	-	10.85	10.82
Jul	10.96	-	10.94	10.89
Oct	10.85	-	10.88	10.85

Turnover 1655 lots of 50 tonnes.

COCOA - LCE (£/tonne)	Close	Previous	High/Low	
Dec	937	916	940	928
Mar	969	936	970	948
May	966	948	970	955
Jul	961	951	968	951
Sep	961	953	970	958
Dec	960	958	962	957
Mar	960	950	970	957
May	964	951	970	960
Jul	967	954	978	968

Turnover: 15855 (8865) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for Sep 30 897.47 (912.57) 10 day average for Oct 1 915.32 (917.01)

COFFEE - LCE ($/tonne)	Close	Previous	High/Low	
Nov	1160	1176	1165	1142
Jan	1172	1182	1175	1150
Mar	1174	1179	1174	1161
May	1171	1179	1175	1158
Jul	1164	1172	1175	1164
Sep	1168	1170	1173	1162

Turnover: 6214 (5740) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Sep 30 Comp. daily 68.46 (67.75) 15 day average 71.96 (72.33)

POTATOES - LCE (£/tonne)	Close	Previous	High/Low	
Apr	91.0	89.9	91.5	90.0
May	105.5	105.0	105.0	104.0

Turnover 156 (139) lots of 20 tonnes.

FREIGHT - LCE ($10/index point)	Close	Previous	High/Low	
Oct	1455	1450	1455	1450
Nov	1465	1450	1460	1455
Jan	1463	1445	1465	1445
Apr	1465	1455	1470	
BFI	1416	1415		

Turnover 46 (134)

GRAINS - LCE (£/tonne) Wheat	Close	Previous	High/Low	
Nov	101.50	101.65	101.50	101.35
Jan	102.60	102.90	102.70	102.65
Mar	104.50	104.85	104.80	104.50
May	106.55	106.90	106.85	106.60
Sep	93.25		93.50	
Barley	**Close**	**Previous**	**High/Low**	
Nov	102.40	102.45	102.60	102.40
Jan	104.65	104.60	104.65	104.60
Mar	106.40	106.40	106.40	
May	107.70		107.70	107.50

Turnover: Wheat 273 (409) Barley 92 (52)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 36,927 lots
Cash	1097.5-8.5	1096.5-7		1098.5-9		
3 months	1117.5-8	1116.5-7.5	1123/1116	1119.5-20	1118-8.5	239,329 lots
Copper, Grade A ($ per tonne)						Total daily turnover 85,156 lots
Cash	1679-80	1683.5-4.5	1676/1675	1675.5-6.5		
3 months	1699-9.5	1684.5-5.5	1700/1683	1695-6	1699-700	161,136 lots
Lead ($ per tonne)						Total daily turnover 5,327 lots
Cash	361-2	364.5-5	361.5	361.5-2		
3 months	375-6	378-9	379/374	374-4.5	377-8	21,477 lots
Nickel ($ per tonne)						Total daily turnover 10,097lots
Cash	4060-5	4041-6		4030-40		
3 months	4110-5	4090-5	4115/4030	4080-5	4105-10	46,483 lots
Tin ($ per tonne)						Total daily turnover 1,636 lots
Cash	4380-90	4400-5		4400-5		
3 months	4435-40	4445-50	4460/4420	4455-60	4435-40	10,900 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 14,096 lots
Cash	878.5-9.5	871.5-2.5	874	873-4		
3 months	895-6	888-9	901/887	890-1	893-4	84,401 lots

LME Closing £/$ rate: SPOT: 1.5050 3 months: 1.4952 6 months: 1.4858 9 months: 1.4794

LME AM Official £/$ spot rate 1.4930

LONDON BULLION MARKET (Prices supplied by N M Rothschild) Gold (troy oz)	$ price	£ equivalent
Close	355.00-355.40	
Opening	354.25-354.75	
Morning fix	353.90	237.278
Afternoon fix	354.00	237.027
Day's high	355.50-355.90	
Day's low	353.40-353.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.74	6 months	2.66
2 months	2.71	12 months	2.67
3 months	2.67		

Silver fix	p/troy oz	US cts equiv
Spot	271.80	405.75
3 months	275.45	408.80
6 months	278.15	412.10
12 months	285.45	419.10

GOLD COINS	$ price	£ equivalent
Krugerrand	354.00-357.00	236.00-239.00
Maple leaf	365.65-368.00	-
New Sovereign	83.00-86.00	55.00-58.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Feb	Nov	Feb
1100	22	46	13	20
1125	11	34	27	30
1150	4	23	45	44
Copper (Grade A)	Calls		Puts	
1700	32	66	40	57
1750	22	54	55	70
1800	14	44	72	84
Coffee LCE	Nov	Jan	Nov	Jan
1100	83	113	23	41
1150	53	85	43	63
1200	24	63	64	91
Cocoa LCE	Dec	Mar	Dec	Mar
875	77	125	15	31
900	59	108	22	39
925	45	92	33	48
Brent Crude	Nov	Dec	Nov	Dec
1700	46	86	14	32
1750	19	52	36	52
1800	9	29	75	-

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Oct	355.0	355.1	355.3	354.3
Nov	355.9	356.1	0	0
Dec	356.9	357.1	357.5	355.7
Feb	358.6	358.8	359.1	357.5
Apr	360.3	360.5	360.0	359.3
Jun	362.0	362.2	361.9	361.6
Aug	363.7	363.9	0	0
Oct	365.5	365.7	0	0
Dec	367.3	367.6	367.8	366.8

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	358.2	359.4	361.5	356.5
Nov	363.0	363.0	0	0
Jan	361.2	362.2	364.0	358.6
Apr	362.6	363.5	363.0	362.0
Jul	363.9	364.6	0	0
Oct	365.4	366.1	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Oct	404.3	406.1	404.0	404.0
Nov	406.0	406.0	0	0
Dec	406.2	408.2	411.0	403.0
Jan	407.4	409.4	0	0
Mar	410.3	412.3	415.0	407.5
May	413.1	415.1	417.0	417.0
Jul	415.8	417.8	0	0
Sep	418.3	420.3	0	0
Dec	422.6	424.6	426.0	426.0
Jan	423.6	425.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	74.75	74.25	74.95	74.70
Nov	75.10	74.60	0	0
Dec	75.40	74.90	75.95	75.35
Jan	75.65	75.20	0	0
Feb	75.90	75.45	0	0
Mar	76.20	75.75	76.70	76.15
Apr	76.45	76.05	0	0
May	76.75	76.35	77.10	76.75
Jun	76.95	76.60	0	0
Jul	77.20	76.90	77.70	77.10

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Nov	18.73	18.79	18.76	18.58
Dec	18.88	18.93	18.91	18.75
Jan	18.96	18.99	18.99	18.81
Feb	18.96	19.04	19.05	18.98
Mar	19.04	19.09	19.08	18.93
Apr	19.15	19.14	19.15	19.04
May	19.14	19.19	19.17	19.14
Jun	19.19	19.24	19.30	19.15
Jul	19.30	19.29	19.32	19.30
Aug	19.25	19.34	19.35	19.28

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Nov	56.85	57.06	57.07	56.40
Dec	57.45	57.69	57.69	57.10
Jan	57.75	57.94	57.90	54.50
Feb	57.50	57.69	57.60	57.35
Mar	56.40	56.44	56.50	56.10
Apr	55.00	55.14	55.20	55.00
May	54.05	53.94	54.05	54.05
Jun	53.40	53.29	53.40	53.25
Jul	53.40	53.34	53.60	53.50
Aug	53.84	53.84	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1210	1151	1217	1157
Mar	1241	1186	1244	1190
May	1250	1197	1250	1205
Jul	1270	1216	1270	1222
Sep	1285	1229	1250	1250
Dec	1295	1252	0	0
Mar	1305	1266	0	0
May	1320	1282	0	0
Jul	1340	1304	1340	1285
Sep	1290	0	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	73.50	74.50	74.90	72.60
Mar	76.05	77.05	77.40	75.35
May	77.35	78.90	77.80	77.00
Jul	79.00	79.85	79.10	78.50
Sep	80.00	81.10	80.50	80.00
Dec	82.35	83.50	0	0
Mar	85.00	0	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	10.83	10.45	10.86	10.40
May	10.86	10.55	10.87	10.55
Jul	10.82	10.57	10.84	10.58
Oct	10.85	10.57	10.86	10.59

COTTON 50,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	56.00	56.85	57.26	56.00
Dec	57.60	58.70	58.85	57.55
Mar	59.19	60.10	60.10	59.16
May	59.83	60.75	60.55	59.65
Jul	60.65	61.33	61.13	60.90
Oct	61.00	61.37	0	0
Dec	61.10	61.60	61.40	60.90
Mar	61.80	62.15	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	130.55	130.05	132.20	130.25
Jan	131.30	130.50	132.95	131.10
Mar	132.40	131.50	133.65	132.30
May	134.10	132.15	134.50	133.90
Jul	134.70	133.00	0	0
Sep	135.40	134.00	133.40	133.40
Nov	136.40	134.00	133.00	133.00
Jan	135.40	134.00	0	0
Mar	135.40	0	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)	Oct 1	Sep 30	mnth ago	yr ago
	1581.3	1576.8	1639.5	1565.1

DOW JONES (Base: Dec. 31 1974 = 100)	Sep 30	Sep 29	mnth ago	yr ago
Spot	120.57	118.62	122.60	117.34
Futures	127.44	125.15	126.04	115.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Nov	618/0	629/6	627/0	616/0
Jan	625/0	636/4	634/4	623/2
Mar	632/0	643/4	641/0	631/0
May	636/4	648/6	645/4	635/4
Jul	640/4	652/0	649/4	639/6
Aug	641/0	652/0	647/0	640/0
Sep	627/0	635/2	632/4	627/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Oct	23.00	23.58	23.55	22.86
Dec	23.05	23.69	23.67	22.93
Jan	23.06	23.72	23.68	23.02
Mar	23.19	23.78	23.57	23.08
May	23.20	23.76	23.54	23.15
Jul	23.13	23.65	23.53	23.10
Aug	22.95	23.50	23.35	22.96
Sep	22.80	23.30	23.00	22.80

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Oct	190.8	193.3	193.0	190.7
Dec	191.0	193.4	193.0	190.7
Jan	191.8	194.4	193.4	191.6
Mar	193.5	196.4	195.3	193.4
May	195.2	197.9	196.3	195.2
Jul	197.6	199.6	196.3	196.8
Aug	198.0	200.0	199.0	197.0
Sep	197.5	199.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	242/6	244/6	244/6	239/4
Mar	250/6	252/4	252/0	247/2
May	255/4	256/6	256/6	252/2
Jul	258/2	259/6	259/0	256/0
Sep	253/0	254/4	253/4	252/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	316/2	318/6	319/0	315/4
Mar	320/6	322/6	323/2	320/0
May	317/2	319/4	320/2	317/0
Jul	310/0	309/2	311/4	307/4
Sep	314/4	314/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	72.800	73.200	73.650	72.700
Dec	74.075	74.125	74.600	73.800
Feb	75.050	74.800	75.350	74.625
Apr	76.100	76.075	76.500	75.850
Jun	72.575	72.500	72.800	72.350
Aug	71.150	71.125	71.450	71.125

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	48.625	47.125	48.625	48.625
Dec	48.800	47.400	48.900	48.900
Feb	48.200	46.700	48.200	48.200
Apr	46.650	45.150	46.650	46.650
Jun	51.550	50.050	51.550	51.550
Jul	50.500	49.000	50.500	50.500
Aug	49.050	47.550	49.050	49.050

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	54.200	52.200	54.200	54.200
Mar	54.200	52.200	54.200	54.200
May	54.450	52.450	54.450	54.450
Jul	54.300	52.300	54.300	54.300
Aug	53.675	51.675	53.675	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Late leap for pound

THE POUND jumped almost a pfennig against the D-Mark and more than a cent against the dollar in late London trading.

The surprise leap was prompted mainly by technical factors. Investors in D-Marks and dollars sold both of these currencies for sterling as the exchange rates hit stop-loss levels.

Analysts were reluctant to attribute the rise to a reappraisal of fundamental sentiment towards sterling.

"I would love to say that this is a reappraisal of the pound, but it is really a technical forward move," said Mr Marc Hendrix of Swiss Bank.

As a result, many analysts expect the pound to open weaker on Monday. It closed last night at DM2.4550, up ¾ of pfennig on the day. Against the dollar it was a cent stronger at $1.5055.

Many dealers remain perplexed over the recent weakness of the pound. Concerns appear to revolve around rather hazy political concerns and prospects for a rate cut before the end of the year. Yesterday there were some jitters following a rumour that extracts from Lady Thatcher's memoirs in the Sunday newspapers would severely criticise Mr John Major, the current prime minister.

But as one analysts said: "I don't find any of that particularly conclusive."

The dollar lost a pfennig off the day's gains after US data *did not* live up to expectations.

Much of the data fell short of economists' forecasts and dashed hopes that the market would finally receive signs of solid US economic activity.

The dollar closed at DM1.6310 compared with the previous day's close of DM1.6365. During the day it tested DM1.6430 ahead of the release of the figures.

The Belgian National Bank responded to market rumours that Belgium was allowing the franc to slip against the D-Mark by saying that there was "no question" of changing central bank policy.

"There is no change at all in the policy of the bank. There is no question of letting the Belgian franc float," said the bank.

It cut its key central rate on Thursday by 10 basis points to 9.65 per cent from 9.75 per cent, surprising financial markets because the franc had weakened against the D-Mark.

The comments were widely interpreted as a response to rumours that Luxembourg wants to break its link with the Belgian currency.

The Luxembourg authorities are worried that soft monetary policy in Belgium will bring down the Luxembourg franc, something they cannot allow as much of their income depends on foreign investments.

£ IN NEW YORK

Oct 1	Latest	Previous Close
£ Spot	1.5050-1.5060	1.4955 1.4965
1 month	0.37-0.36pm	0.37 0.36pm
3 months	0.98-0.97pm	1.03 1.01pm
12 months	3.15-3.07pm	3.15 3.05pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14447	-2.38	6.29	-
D-Mark	1.94964	1.90933	-2.07	5.95	-
Spanish Peseta	154.250	154.073	-0.11	3.89	1
Irish Punt	0.808628	0.815414	0.84	2.90	-6
French Franc	6.53883	6.65763	1.82	1.91	-15
Portuguese Escudo	192.854	196.425	1.85	1.87	-12
Belgian Franc	40.2123	41.3455	2.82	0.92	-21
Danish Krone	7.43679	7.71643	3.76	0.00	-26

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. ‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4885 - 1.5060	1.5050 - 1.5060	0.37-0.36cpm	2.91	1.00-0.97pm	2.62
Canada	1.9870 - 2.0170	2.0110 - 2.0120	0.27-0.21cpm	1.43	0.59-0.46pm	1.04
Netherlands	2.7365 - 2.7825	2.7525 - 2.7625	par-¼pldis	-0.54	¼-½dis	-0.54

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5055	1.5019	1.4957	1.4877	1.4744
D-mark	2.4550	2.4572	2.4605	2.4632	2.4621
French Fr.	8.5625	8.5720	8.5882	8.5971	8.5876
Swiss Fr.	2.1450	2.1428	2.1388	2.1308	2.1144
Yen	159.59	159.03	158.10	156.92	154.65

EXCHANGE CROSS RATES

DM	0.407	0.613	1	64.97	3.488	0.874	1.123	975.6	0.820	21.63	80.69	0.526
YEN	6.270	9.442	15.39	1000.	53.69	13.45	17.29	15016	12.61	332.9	1242	8.126
F Fr.	1.168	1.759	2.867	186.3	10.	2.505	3.221	2797	2.350	62.01	231.3	1.513
S Fr.	0.466	0.702	1.145	74.36	3.992	1	1.286	1117	0.938	24.76	92.35	0.604
N Fl.	0.363	0.546	0.890	57.83	3.105	0.778	1	868.4	0.730	19.25	71.83	0.470
Lira	0.418	0.629	1.025	66.60	3.575	0.896	1.152	1000.	0.840	22.17	82.71	0.541
C $	0.497	0.749	1.220	79.27	4.256	1.066	1.371	1190	1	26.39	98.46	0.644
B Fr.	1.883	2.838	4.623	300.4	16.13	4.040	5.194	4510	3.789	100.	373.1	2.441
Pta	0.505	0.760	1.239	80.51	4.323	1.083	1.392	1209	1.016	26.80	100.	0.654
Ecu	0.772	1.162	1.894	123.1	6.607	1.655	2.128	1846	1.552	40.97	152.9	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Tension eases

THE BUNDESBANK had to inject short-term funds into the cash-starved German money markets yesterday, only a day after it had withdrawn a large tranche.

The move helped to ease the tight conditions hanging over the market from the end-of-month liquidity shortage.

Early in the day call money had risen as high as 7.12 per cent, but after the Bundesbank's move it dropped back to 6.95 per cent.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

Dealers said the withdrawal on Thursday of some DM10bn of "section-17" money had raised tensions, coming after DM8.5bn was drained in the week's repo.

Wariness in the markets of early rate cuts were underpinned by comments from Mr Hans Tietmeyer - who assumed the presidency of the Bundesbank yesterday - that the authorities need to be cautious about inflation.

● In the London money market the overnight lending rate moved as high as 9 per cent in the early afternoon after only a small amount of cash was injected into the system at lunch time.

But after the Bank of England relieved a £1.6bn shortage by £1.18bn in afternoon operations, the overnight rate drifted back to around 6 per cent. The Bank provided late assistance of £400m.

"It has been a long, volatile and quite confusing week," said one discount house trader. "Liquidity has got a little polarised in the market and activity has been quite hard to interpret."

Generally, the market has been waiting for the Tory conference next week and the Budget in November. Few in the market expect a rate cut to emerge from the conference, but dealers are eager for hints as to what Mr Kenneth Clarke, the chancellor, intends to do on monetary policy.

It is also waiting to get a better measure of the new president of the Bundesbank although few are expecting much to change.

"There are a lot of balls in the air, and I think most people are agnostic at the moment," said one trader. "We are now in for a boring period with wild days on the overnight."

Short sterling came off the highs of the early part of the week. The December contract traded for most of the day at around 94.35.

The three-month interbank rate finished the day at 5 11/32-5 9/32 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 1)	3 months US dollars	6 months US Dollars
	bid 3¼ offer 3⅜	bid 3¼ offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds	
Prime rate	6	One month	3.02
Broker loan rate	5	Two month	2.97
Fed.funds	3⅛	Three month	2.96
Fed.funds at intervention	-	Six month	3.03
		One year	3.22
		Two year	3.86

Oct 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.85-7.00	6.70-6.85	6.65-6.75	6.50-6.65	6.30-6.45	7.25
Paris	7¼-7⅞	7.02-7.22	-			6.75
Zurich	4⅝-4⅞	4⅝-4¼	-			-
Amsterdam	6.38-6.50	6.38-6.48	-			-
Tokyo	2 11/16-2 1/2	2 11/16-2 1/2	-			-
Milan	8⅞-8½	8¾-8 11/16	-			-
Brussels	-	9 11/16-9 1/16	-			-
Dublin	6 11/16-6 13/16	6 13/16-7 1/16	6⅞-7			-

LONDON MONEY RATES

Oct 1	Overnight	7 days notice	One Month
Interbank Offer	9	6⅛	6 1/16
Interbank Bid	5	5⅞	5 13/16
Sterling CDs	-	-	5 13/16
Local Authority Deps.	5¾	5¾	5⅞
Local Authority Bonds	-	-	-
Discount Mkt Deps	6½	6	-
Company Deposits	-	-	-
Finance House Deposits	-	-	5 13/16
Treasury Bills (Buy)	-	-	5⅝
Bank Bills (Buy)	-	-	5 13/16
Fine Trade Bills (Buy)	-	-	-
Dollar CDs	-	-	3.00
SDR Linked Dep. Offer	-	-	4⅜
SDR Linked Dep. Bid	-	-	4¼
ECU Linked Dep. Offer	-	-	7 11/16
ECU Linked Dep. Bid	-	-	7 9/16

Treasury Bills (sell); one-month 5½ per cent; three months 5⅜ per cent; Bank Bills (sell): one-month 5 11/16 per cent; three months 5⅝ per cent. Treasury Bills: Average tender rate of discount 5.1937 p.c. ECGD Fixed Rate Sterling Export Finance. Agreed rates for period Oct 26, 1993 to Nov 23, 1993 Scheme period Sept 1, 1993 to Sept 30, 1993, Scheme IV&V: 5.954 p.c. seven days' notice, others seven days' fixed. Finance House 1993:Bank Deposit Rate for sums at 7 days notice 5⅜ p.c. Deposit £100,000 and over held under one month 2¾ p.c.; one-5 p.c.; six-nine months 4⅛ p.c.; nine-twelve months 4½ p.c.; 1993. Deposits withdrawn for cash 1¼p.c.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
121	-	-	-	0.04	0.13	-
122	-	1.88	-	0.08	0.26	-
123	0.88	1.19	-	0.25	0.50	-
124	0.38	0.68	-	-	1.00	0.34
125	0.10	0.31	-	-	-	0.53
Open Int	197,200	45,980	50	152,587	37,719	230

Estimated volume 52,845 † Total Open Interest 433,868
† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday September 29,1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	1,270,876,330	-	268,971,262
Bankers Deposits	1,638,403,221	+	109,031,585
Reserve and other Accounts	3,193,525,894	-	124,162,713
	6,117,358,445	-	284,102,390
ASSETS			
Government Securities	1,219,325,193	+	11,065,000
Advance and other Accounts	4,204,503,609	-	140,511,538
Premises Equipment & other Secs	682,828,523	-	159,633,971
Notes	10,497,763	+	5,014,164
Coin	203,357	-	36,255
	6,117,358,445	-	284,102,390
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,119,502,237	+	54,985,836
Notes in Banking Department	10,497,763	+	5,014,164
	17,130,000,000	+	60,000,000
ASSETS			
Government Debt	11,015,000		
Other Government Securities	7,088,936,278	+	269,479,704
Other Securities	10,030,048,622	-	209,479,704
	17,130,000,000	+	60,000,00

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	NatWestminster	6
Allied Trust Bank	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
AIB Bank	6	Exeter Bank Limited	7	●Rea Brothers	6
●Henry Ansbacher	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
B & C Merchant Bank	13	●Robert Fleming & Co	6	* (in administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai.	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
CL Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	McDonnell Douglas Bk.	6		
The Co-operative Bank	6	Midland Bank	6		
Coutts & Co	6	Mount Banking	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

FINANCIAL FUTURES AND OPTIONS

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £135⅞ 136⅛ (29Se93)

Exchequer 10½% Stk 2005 - £126⅞ (27Se93)

Guaranteed Export Finance Corp PLC 11¼% Gtd Nts 1994 (Br £1000&100000) - £101¼ ½ (29Se93)

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Lewis (John) PLC 10⅝% Bds 1999 (Br £10000&100000) - £112 (28Se93)

Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £112¼ (29Se93)

Lloyds Bank PLC 10¼% Subord Bds 1998(Br£10000) - £111¼ (24Se93)

London Electricity PLC 8% Bds 2003 (Br £ Var) - £105⅛Φ

National Grid Co PLC 7⅞% Bds 1998 (Br £ Var) - £102¼

National & Provincial Bldg Society 8¼% Nts 1998 (Br £ Var) - £104⅝ (27Se93)

Ladbroke Group PLC 5⅛% Subord Cnv Bds 2004(Br£1000&5000) - £131¼ 2

Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £103¼ (28Se93)

Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £122 (28Se93)

Leeds Permanent Building Society 7⅜% Nts 1998 (Br £ Var) - £101⅝Φ

Leeds Permanent Building Society 10½% Subord Bds 1998 (Br£5000) - £111.8 (28Se93)

Leeds Permanent Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £101.55 (28Se93)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Aetna Malaysian Growth Fund(Cayman)Warrants to sub for Ord - £1.05 1.05 1⅛ 1⅛ 1.15

Aitken Hume International PLC 7% (Net) Cnv Cum Red Prf £1 - 88 (28Se93)

Alexanders Hldgs PLC "A"(RstLV)Ord 10p - 14 (27Se93)

Alexanders Hldgs PLC 9½% Cum Prf £1 - 70 (28Se93)

Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 70 1½ 2

Allied-Lyons PLC ADR (1:1) - $8.58

Allied-Lyons PLC 5½% Cum Prf £1 - 63 4 ½ (28Se93)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1993. All rights reserved.

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"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

Investment Trusts

Miscellaneous Warrants

USM Appendix

Rule 535(2)

RULE 535 (4) (a) Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Good trading volume as account ends

By Terry Byland,
UK Stock Market Editor

A CONFIDENT start to the final quarter of the year was restrained somewhat yesterday by the manoeuvres traditionally associated with the end of the trading account in the UK equity market.

Although the stock market ended only slightly firmer on the day, stock index futures returned to a good premium against cash and a rash of corporate activity appeared to indicate underlying confidence. Traders identified a good volume of overseas interest.

A strong opening on Wall Street, 16 Dow points up in UK hours, helped a late rally in the London market. The final reading showed the FT-SE 100 Index at 3,039.3, a net 1.8 higher on the day. Earlier, the Footsie had struggled to hold its overnight level after early, futures-inspired, weakness had taken the Footsie down to the 3,026 area.

The Footsie was also hit by a fall in BAT Industries, as London brokers on a US visit phoned their offices to downgrade the blue chip tobacco and financial services group.

But oil shares continued to benefit from the Opec agreement and firmer crude prices and there were buyers for the pharmaceuticals, capital goods and financial sectors.

Investors have turned away from the consumer areas, disenchanted by recent trading results from such leading names as Forte and Tesco.

However, a range of brokerage re-ratings and share placings appeared to confirm that the institutions remain confident in the UK stock market outlook.

At last night's close, the Footsie was just over 34 points higher on the week and also on the trading account period. Investors have been encouraged this week by the calmer news from Russia, but still seek signs that company results are reflecting economic recovery.

Traders expressed confidence in market prospects for the fourth quarter. Seaq volume of 636.9m shares yesterday, of which around 56 per cent was in non-Footsie stocks, compared with 695.1m in the previous session.

Retail volume of £1.61bn on Thursday was affected by end-of-quarter portfolio shuffling but also indicated a strong underlying interest from the investment institutions.

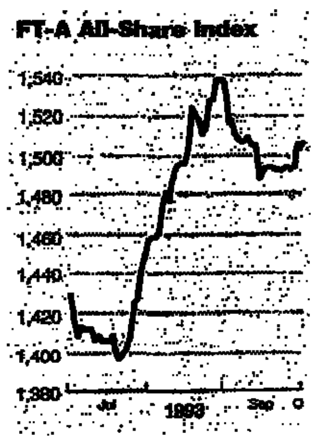
Government bonds featured news of the issue of an £800m tranche of stock dated 2011. Seasoned bonds showed little change in quiet trading yesterday.

Account Dealing Dates

*First Dealings:		
Sep 20	Oct 4	Oct 18
Option Declarations:		
Sep 30	Oct 14	Oct 28
Last Dealings:		
Oct 1	Oct 15	Oct 29
Account Day:		
Oct 11	Oct 25	Nov 8

*New time dealings may take place from two business days earlier.

FT-A All-Share Index



BAT hit by broker revisions

SWIFT reaction by UK analysts currently visiting BAT's US insurance operation sent the shares tumbling after analysts phoned home with gloomy views on near-term prospects. By the close, the shares had lost 20 to 462p, making them the day's biggest losers among FT-SE 100 stocks, as volume rose to 5.1m.

Researchers at James Capel appeared to be the first off the mark. Early in the day the broker was reported to have downgraded 1994 profit expectations from £2.05bn to £2.01bn. Hoare Govett was advising investors to "take profits".

Dealers cited the poorer than expected performance at Farmers, the group's California-based insurance group, possible increases in US taxes on tobacco, and the continuing price war with arch-rival US group Philip Morris.

Further profit downgrades are expected next week when the analysts return from the US trip.

Food retailers fall

Renewed concerns over the severity of the price war among Britain's supermarkets once again undermined confidence in the food retail sector, although there were also hints of a change in sentiment in some quarters.

But share prices reacted first and foremost to further worries over growing pressure on margins, after Hoare Govett lopped £10m off its profit forecast for Asda. Other brokers were believed to have followed suit among talk of tough competitive pressures in several regions of the UK.

Asda shares slipped 2¾ to 55p in turnover of 19m. J Sainsbury slumped 13½ to 416p, upset also by the imminent arrival of US warehouse clubs to the UK. Tesco fell 4½ to 193p and Argyll 6¼ to 288p.

However, there were also hints from certain brokers that recent falls in an already battered sector have been overdone.

At least one broker yesterday was shifting to a more positive stance and another is believed to be preparing to turn positive next week.

Intriguingly, there is talk that the unnamed broker may use a large warrant issue as a means of encouraging clients back into the sector.

Shares in composite insurers traded strongly, after a clutch of brokers turned more positive on the sector and whispers of impending corporate activity did the rounds.

S.G. Warburg advised investors to move from "underweight to neutral" in anticipation of good third-quarter results.

Robert Fleming issued a bullish circular saying: "Improving fundamentals-real GDP growth and positive real bond yields also make the UK composites look attractive, especially in comparison to some European insurers."

Credit Lyonnais was also reported to have issued a recommendation, with added spice coming from talk of an imminent bid in the sector. Commercial Union advanced 17 to 630p, while Guardian Royal Exchange put on 5 to 218p, and Royal Insurance gained 15 to 320p. General Accident rose 18 to 719p.

Shares in Aberdeen Trust edged a penny forward to 60½p, after Panmure Gordon crossed 2½m shares at 59¾p.

Standard Chartered jumped 24 to 968p after news late in the session that it had received £25.9m in settlement of its claim against National Housing Bank of India.

This week's Opec output agreement continued to underpin the oil sector. BP, a strong feature for most of the week, gained another 5 to 329½p, while Shell Transport firmed 6 to 676p.

Enterprise Oil, which also benefited from broker's recommendations earlier in the week gained 12 to 470p. Strong two-way business in Lasmo brought turnover of 16m as the shares edged a half-penny forward to 145½p.

With consumer stocks largely friendless yesterday, utility stocks found some support, although waters were undone by a dividend cut from NatWest Securities. The broker slashed its dividend growth forecast for five stocks – Anglian, North West, South West, Severn Trent and Yorkshire – from 9 per cent to 7.5 per cent. Thames suffered a similar fate last month. NatWest said lower inflation and cautious comments from the companies had contributed to the cuts.

Anglian slipped a penny to 526p. North West the same to 511p, South West 5 to 560p and Severn Trent 2 to 531p. Yorkshire was steady at 538p, as was Thames at 536p.

Chemicals group Courtaulds fell 20 to 496p as Smith New Court reduced its forecast for 1994 profits to £182m, from £195m. The forecast, which has now fallen in line with that of other analysts, was attributed to worsening competitive conditions. Mr Charles Lambert at Smith suggested that Courtaulds's "steady growth image was tarnished".

Shares in motors group Avon Rubber fell 5p ahead of speculation that analysts' reports were unfavourable.

The fallout from this week's hectic activity in the drinks sector impacted on several stocks. Whitbread, seen as the chief casualty in the battle for Chef and Brewer, lost 7 to 520p. Drinks analysts said that the failure to land the pub and restaurant chain, together with scepticism over whether it will now buy Forte's Harvester group, have put hopes of a share restructuring on the back burner. Industry watchers had been optimistic that the group would have changed its archaic share system if it were to make a big acquisition. Meanwhile, Forte continued to suffer from Thursday's poor results, closing 6 down at 221p.

Scottish and Newcastle, the eventual buyer of Chef and Brewer, gained 5 to 467p. NatWest Securities moved from a sell to a hold on the stock and now believe it has the ability to take market share from its big rivals, although teething problems remain.

Turnover in Hanson topped 24m and the shares bounced 3¾ to 253½p. Hoare Govett was reported to be positive.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Saqib Qureshi.

■ Other statistics, Page 9.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
British Airways†	4,300	381½	+3
British Gas†	4,400	328½	-2
British Land	634	373	-1
British Steel†	7,800	126	-2½
Bunzl	1,200	148	-8
Burmah Castrol†	71	778	+2
Burton	1,800	73½	
Cable & Wire.†	1,300	886	-8
Cadbury Schweppes†	2,300	454	+3
Calor Group	92	272	+5
Carlton Comms.†	2,500	767	+18
Coats Viyella†	1,800	254	-½
Comm. Union†	2,300	630	+17
Cookson	3,400	198	+2
Courtaulds†	2,700	496	-20
Kingfisher†	1,100	642	-8
Kwik Save	1,000	659	+5
Ladbroke†	8,800	189	+2½
Land Securities†	733	678	-2
Laporte	187	651	
Legal & General†	1,100	487	+11
Lloyds Abbey	1,100	441	+3
Lloyds Bank†	3,400	584	+7
LASMO	16,000	145½	+½
London Elect.	2,500	585	-3
Lonrho	3,800	121	-2
Lucas	402	149	
Ryl Bk Scotland†	3,200	530	+8
Royal Insurance†	5,000	320	+15
Sainsbury†	3,800	416	-13½
Schroders†	1	1275	+2
Scottish & New.†	2,200	467	+5
Scot. Hydro-Elec.	284	384	
Scottish Power†	4,000	383	+1
Sears†	3,300	112	
Sedgwick	5,800	174	-2
Seaboard	873	614	-1
Severn Trent Water†	1,600	531	-2
Shell Transport†	3,600	675½	+5½
Warburg (SG)†	289	797	+6
Wellcome†	1,300	705	+8
Welsh Water	90	604	-5
Wessex Water	134	625	
Whitbread 'A'†	1,600	520	-7
Williams Hldgs.†	313	332	
Willis Corroon	1,200	220	
Wimpey	719	173	+1
Wolseley†	299	658	+7
Yorkshire Elect.	1,300	583	
Yorkshire Water	213	538	
Zeneca†	748	728	+9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
CIA	329	+	13
Carlton Comms	767	+	18
Darby Group	72	+	12
Pacer Systems	73	+	8
Proudfoot	89	+	7
Rexmore	59	+	4
Royal Insce	320	+	15
SEET	58	+	7
Sirdar	135	+	5
Standard Chrtd	968	+	24
Steel Burrill	139	+	5

Falls			
ASDA	55	–	2¾
Ash & Lacy	144	–	11
BAT Inds	462	–	19½
Carlisle Group	18	–	2½
Clarkson (H)	100	–	8
Courtaulds	496	–	20
Dalepak	125	–	45
Drew Scientific	85	–	17
Goldsmiths	69	–	3
Hartstone	65	–	4
Sainsbury (J)	416	–	13½
Scottish TV	436	–	42
Shanks & McEwan	156	–	13

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (116).
AMERICANS (7) BANKS (4) Bk. Scotland, Barclays, NatWest, Royal Bank of Scotland, BREWERS (4) Gibbs Mew, Mansfield, Regent Inns, Wetherspoon (JD), BLDG MATLS (4) CRH, Derby, Gibbs Dandy, Grafton, BUSINESS SERVS (1) Select Appnts., CHEMS (1) Holliday, CONTG & CONSTRCN (2) Banner Homes, Dunton, ELECTRICALS (3) Edcason, Kenwood, Manner-Swain, ELECTRICITY (4) China Light, National Power, Scottish Hydro, Scottish Power, ELECTRONICS (3) Macro 4, Pacer Systems, Phonelink, ENG GEN (6) FKI, MS Intl., Molins, Vesoo, Wagon Indl., HEALTH & HSEHOLD (2) UniChem, Westminster Healthcare, INSCE COMPOSITE (2) Allianz, General Accident, INSCE LIFE (1) London & Manchester, INV TRUSTS (23) MEDIA (6) CIA, LWT, News Corp., Yorks. Tyne-Tees, Do Wts., MISC (3) British Bloodstock, Danka, Ricardo, MOTORS (4) Bostrom, Channel, Dagenham, Trinity, OIL & GAS (8) Alliance Res., BP, Chevron, Royal Dutch, Santos, Total, OTHER FINCL (3) Aberdeen Tst., Cater Allen, Gerrard & Natl., OTHER INDLS (2) Tex, Whitecroft, PACKG, PAPER & PRNTG (2) Kleerfold, Waco, PROP (9) Asda, Bolton, Capital & Regional, Chesterfield, Debenham Tewson, Dencora, Green Prop., HK Land, Tops Ests., STORES (1) Carpetright, TEXTS (5) Allied Textile, Honeysuckle, Jerome, Rexmore, Sirdar, TRANSPORT (6) Clarkson, GATX, Mersey Docks, Norex, Powell Duffryn, Stagecoach, SOUTH AFRICANS (1) SA Brews., PLANTATIONS (1) Rowe Evans, MINES (2) Anglovaal, St Barbara.

NEW LOWS (23).

BRITISH FUNDS (6) CHEMS (1) Courtaulds, ELECTRICALS (2) Accolectric N/V, Burnfield, ELECTRONICS (1) Lex, FOOD MANUF (1) Dalepak, FOOD RETAILING (4) Kwik Save, Low (Wm), Sainsbury, Tesco, HEALTH & HSEHOLD (3) Celsis, Drew Scientific, Intercare, INV TRUSTS (1) EFM Smllr. Cos Wts., PROP (1) Power Corp., TEXTS (1) Dawson.

EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets yesterday recovered the good form shown earlier this week, the December contract on the FT-SE 100 Index returning to a 32 point premium against cash, as the market braced itself for the final trading quarter of the year, writes Terry Byland. However, trading volume was less impressive, with the December contract trading only 7,773 contracts. The day opened with a sell-off which took December down to 3,045, depressing the underlying blue chips also.

Most of the business came from the locals or independent traders. The big institutions had completed their end-of-quarter operations and were content to wait until Monday when the new equity market account opens; fair value on the futures, still at 24 points yesterday, drops to around 21 on Monday, when dividend flows will depress the FT-SE Index by about 2.5.

Business in the FT-SE traded option halved to 7,207 contracts in a market also quieter, at a total of 20,776 against 28,864. Asda (1250) headed the individual stocks list.

FINANCIAL TIMES EQUITY INDICES

	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Year ago	* High	* Low
Ordinary share	2312.6	2318.3	2323.6	2329.5	2321.8	1852.5	2414.2	2124.7
Ord. div. yield	4.02	4.02	4.01	4.00	4.01	4.79	4.52	3.82
Earning yld % full	4.73	4.72	4.72	4.70	4.72	6.98	6.38	4.51
P/E ratio net	26.98	27.05	27.06	27.15	27.07	18.15	28.30	19.40
P/E ratio nil	24.90	24.96	24.97	25.05	24.98	16.83	25.14	18.14
Gold Mines	185.3	184.9	180.5	179.4	180.6	73.1	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2317.0	2313.5	2318.9	2314.4	2313.7	2311.3	2310.4	2311.0	2310.9	2319.6	2309.1

Volume	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Year ago
SEAQ Bargains	32,711	30,352	28,827	30,142	27,944	26,423
Equity Turnover(£m)†	-	1612.1	1307.3	1688.9	1249.2	1094.4
Equity Bargains†	-	34,403	32,216	33,407	30,838	28,828
Shares traded (mil)†	-	562.1	449.6	523.4	467.1	563.0

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday 1 October 1993.

Gold Mines Index	+	189.98	Motors	+	16.10
Property	+	61.03	Transport	+	14.89
Merchant Banks	+	59.91	Packaging, Paper & Printing	+	13.08
Metals & Metal Forming	+	50.55	Telephone Networks	+	12.91
Engineering-Aerospace	+	46.53	Other Groups	+	11.41
Contracting, Construction	+	41.47	FT-A All-Share	+	10.48
Building Materials	+	34.32	Textiles	+	10.16
Banks	+	33.01	Conglomerates	+	9.92
Financial Group	+	32.68	Water	+	9.89
FT-SE SmallCap	+	29.74	FT-SE-A 350	+	9.45
FT-SE SmallCap ex Inv Tst	+	29.42	Stores	+	9.23
Electricity	+	28.98	Insurance (Brokers)	+	8.63
Electronics	+	25.12	Business Services	+	8.44
Investment Trusts	+	24.41	Hotels & Leisure	+	8.04
Electricals	+	23.31	Chemicals	+	7.98
Capital Goods	+	22.05	FT-SE 100 Index	+	6.77
Oil & Gas	+	19.87	"500" Share Index	+	6.44
Engineering-General	+	19.84	Other Industrials	+	6.18
FT-SE Mid 250	+	19.69	Industrial Group	+	4.94
Insurance (Life)	+	19.58	Food Manufacturing	-	1.43
FT-SE Mid 250 ex Inv Tst	+	19.55	Consumer Group	-	5.40
Insurance (Composite)	+	16.99	Brewers and Distillers	-	12.38
Media	+	16.11	Health & Household	-	17.60
			Food Retailing	-	21.51

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	120.0829	-0.004	6.69	6.87	6.60
BELGIUM		9.000	03/03	110.7000	+0.050	7.38	7.30	7.11
CANADA *		7.500	12/03	103.3500	+0.275	7.03	6.97	6.75
DENMARK		8.000	05/03	109.1900	-0.110	6.67	6.75	6.84
FRANCE	BTAN	5.750	11/98	100.7070	+0.067	5.58	5.60	5.82
	OAT	6.750	10/03	105.1300	+0.050	6.05	6.10	6.13
GERMANY		6.500	07/03	102.9450	+0.100	6.09	6.16	6.14
ITALY		10.000	08/03	105.6450	-0.155	9.32†	9.52	9.65
JAPAN	No 119	4.800	06/99	107.6004	-0.009	3.23	3.40	3.60
	No 157	4.500	06/03	104.8182	-0.152	3.82	3.92	4.05
NETHERLANDS		7.000	02/03	107.3200	-0.180	5.95	6.00	6.04
SPAIN		10.900	08/03	111.5000	-0.150	9.07	9.23	8.96
UK GILTS		7.250	03/98	103-17	-1/32	6.33	6.30	6.26
		8.000	06/03	107-20	-2/32	6.91	6.99	6.80
		9.000	10/08	115-31	-2/32	7.24	7.32	7.17
US TREASURY *		5.750	08/03	103-00	+5/32	5.35	5.40	5.44
		6.250	08/23	103-10	+4/32	6.01	6.04	6.08
ECU (French Govt)		8.000	04/03	108.8500	-0.180	6.70	6.70	6.82

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	5	66	8	191	122	82
Other Fixed Interest	0	6	9	7	17	51
Commercial, Industrial	225	306	889	1,315	1,373	4,412
Financial & Property	212	67	543	1,060	398	2,848
Oil & Gas	25	15	39	122	58	218
Plantations	1	0	7	5	2	33
Mines	35	10	91	180	127	373
Others	57	25	44	237	189	190
Totals	560	495	1,630	3,117	2,297	8,007

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 3039.3 +1.8 | **FT-SE MID 250** 3426.7 –6.5 | **FT-A ALL-SHARE** 1506.65 +0.10

	Oct 1	Day's change	Sep 30	Sep 29	Sep 28	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3039.3	+0.1	3037.5	3030.1	3036.9	2549.7	3.86	5.66	21.93	79.17	1105.13	3100.6 27/8	2737.6 19/1	3100.6 27/8/93	986.9 23/7/84
FT-SE Mid 250	3426.7	–0.2	3433.2	3434.4	3437.6	2398.9	3.56	5.86	20.79	74.42	1232.86	3513.3 27/8	2876.3 13/1	3513.3 27/8/93	1379.4 21/1/86
FT-SE Mid 250 ex Inv Trusts	3436.6	–0.2	3444.2	3446.8	3449.1	2408.6	3.66	6.27	19.58	76.06	1231.97	3525.5 27/8	2874.6 1/1	3525.5 27/8/93	1378.3 21/1/86
FT-SE-A 350	1519.7	—	1519.7	1517.0	1519.9	1227.1	3.79	5.70	21.66	38.10	1131.57	1552.2 27/8	1348.7 19/1	1552.2 27/8/93	664.5 14/1/86
FT-SE SmallCap	1769.34	+0.1	1768.13	1768.41	1768.51	–	3.14	3.88	35.50	33.49	1332.19	1786.29 10/9	1377.88 4/1	1786.29 10/9/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1765.03	—	1764.71	1764.58	1765.45	–	3.32	4.28	33.21	34.94	1330.28	1787.58 7/9	1380.06 4/1	1787.58 7/9/93	1363.79 31/12/92
FT-A ALL-SHARE	1506.65	—	1506.55	1503.92	1506.67	1205.07	3.75	5.59	22.21	37.19	1141.73	1537.57 27/8	1330.19 19/1	1537.57 27/8/93	61.92 13/12/74
1 CAPITAL GOODS(215)	1068.93	–0.1	1069.49	1069.26	1070.83	752.93	3.83	3.96	33.18	26.92	1263.41	1099.13 27/8	889.89 13/1	1099.13 27/8/93	50.71 13/12/74
2 Building Materials(28)	1194.19	+0.1	1193.24	1182.70	1187.91	887.04	3.83	2.89	50.36	25.93	1386.71	1194.19 1/10	882.69 12/1	1361.08 16/7/87	44.27 11/12/74
3 Contracting, Construction(29)	1045.89	+0.1	1044.71	1044.25	1048.23	617.04	3.27	1.24	80.00†	18.54	1451.65	1051.10 23/9	716.61 20/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals(15)	3155.68	–0.5	3172.41	3175.43	3132.00	2038.53	4.29	3.35	36.65	85.27	1281.43	3191.56 9/8	2533.89 13/1	3191.56 9/8/93	84.71 25/6/62
5 Electronics(39)	2945.79	–0.2	2950.29	2958.96	2954.60	2059.26	2.94	5.66	21.62	64.82	1290.84	3008.52 31/8	2304.14 18/1	3008.52 31/8/93	1229.01 8/10/85
6 Engineering-Aerospace(7)	434.57	+0.1	434.01	435.07	436.17	265.67	3.35	‡	‡	7.66	1505.15	463.00 18/8	294.58 13/1	502.42 13/6/90	243.47 24/11/92
7 Engineering-General(49)	615.21	+0.3	613.67	613.46	612.01	455.10	3.55	5.81	21.73	14.37	1237.17	637.68 18/8	519.76 12/1	637.68 18/8/93	339.57 23/1/91
8 Metals & Metal Forming(8)	488.19	–0.9	490.65	480.67	477.85	318.77	2.22	‡	‡	6.85	1537.46	490.65 30/9	319.37 5/1	596.67 9/10/87	49.65 6/1/75
9 Motors(20)	437.43	–0.4	439.13	441.81	444.35	296.36	5.03	4.33	32.12	16.72	1220.78	469.92 18/8	380.99 25/1	469.92 18/8/93	19.91 6/1/75

Hourly movements

FT-SE Actuaries 350 Industry Baskets

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.27	50.27	50.77	+0.01	3.3
Capital Primaco	5½	58.33	58.68	62.57	-0.06	7.5
Global	5½	55.33	56.04	59.61	+0.02	3.4
European Growth	5½	54.57	64.66	66.20	-0.11	2.6
Income	5½	58.03	58.35	66.10	-0.07	5.4
Intl Growth	5½	87.21	87.72	93.56	+0.11	2.7
Managed	5½	74.48	78.24	80.25	+0.03	3.3
UK Growth	5½	59.05	59.51	63.47	-0.04	4.0
Standard Life Tst Mngmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5½	47.07	47.07	50.02	-0.1	1.48
UK Equity Gth Acc	5½	60.53	64.60	68.71	-0.2	1.20

	Bid Price	Offer Price	+ or -	Yield Gross
INVESCO Asset Management Ltd				
Exempt Funds				
Asia & Australasia	£3.5610	3.8400	—	2.23
Japan	£2.2150	2.3700	—	0.00
Intl Mngd P'folio	£1.6301	1.7440	—	1.01
North American	£0.9083	0.9685	—	3.66
Smaller Companies	£2.5330	2.5560	—	2.55
UK Core	£1.8740	1.0010	—	4.31
Jupiter Merlin Unit Trust Managers Ltd				
Jupiter Merlin Exempt Trust				
UK Equity	213.78	14.03	—	—
Lazard Brothers & Co. Ltd				
Property Sep 22	£2078.0	2245.0	—	7.00
Inc Gth Prp Jul 12	£1440.0	1600.0	—	8.80
Lazard Investors Ltd ‡				
Exempt Funds				

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc - Contd.				
Gen 4				
Fixed Int Dep Acc	29.6	31.1	—	–
Equity Acc	34.6	36.6	—	–
Property Acc	23.1	24.4	—	–
Far East Acc	33.9	35.1	+0.4	–
European Acc	30.0	31.6	—	–
Managed Acc	34.1	35.9	—	–
Overseas Acc	33.9	35.7	-0.1	–
Gilt Acc	38.1	38.6	—	–
Am Equity Acc	36.0	37.9	+0.2	–
Am Managed Acc	33.7	35.5	+0.2	–
Am Property Acc	20.1	21.2	+0.3	–
High Income Acc	30.6	32.5	-0.1	–
High Income Ser 2	30.6	32.2	—	–
Pension Funds				
F.I.Dep.Acc	776.2	816.0	+0.1	–
Prop. Acc.	1121.4	1180.5	+0.7	–

	Bid Price	Offer Price	+ or -	Yield Gross
Citibank Life - Contd.				
Specialist				
Equity Ser 1	517.1	544.3	+4.4	–
Equity Ser 2	511.3	538.2	+4.4	–
Equity Acc Ser 3	148.3	161.3	+1.2	–
Equity Pens Accum	775.2	816.0	+8.7	–
American Ser 1	218.9	230.4	+1.9	–
European Ser 1	149.5	157.3	+2.4	–
Smaller Co's Ser 1	319.8	336.6	-0.4	–
Recovery Ser 1	190.9	200.9	+0.6	–
Property Ser 1	283.5	298.4	+2.8	–
Property Pens Accum	384.5	404.7	+4.5	–
International Ser 1	425.7	448.1	+7.0	–
International Pens Accum	618.0	651.6	+13.3	–
Green Series 2	117.2	123.3	+0.3	–
Anglian Fund	144.3	151.8	+1.2	–
Celebration Fund	186.8		+0.6	–
Stockmarket Bonus Life	96.2	101.2	+0.2	–

Family Assurance Friendly Society Ltd

17 West St, Brighton BN1 2RL

Homeowners Friendly Society

M & G Life and M & G Pensions - Contd.

Norwich Union Life Insurance Soc. - Contd.

INSURANCES

AXA Equity & Law Life Assce

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

James Capel Fund Managers Ltd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Govett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Provident Life Assoc Ltd				
Provident Way, Basingstoke RG21 2SZ			0256 470707	
Gold Range (Pensions)				
Managed Fund		189.2	+0.4	-
Provident Mutual Life Assc. Assn.				
6 Hills Way Stevenage Herts SG1 2ST			0438 752000	
Managed Ord	442.5	465.8	+0.1	-
Managed Init	310.0	326.3	—	-
Equity Ord.	657.3	691.0	-1.9	-
Equity Init	460.5	484.7	-1.4	-
Index Linked Gilt Ord.	205.9	216.7	+0.3	-
Index Linked Gilt Init	150.7	158.6	+0.3	-
Overseas Equity Ord	365.9	385.2	+2.6	-
Overseas Equity Init	255.3	268.8	+1.7	-
Property Ord	234.9	247.3	-0.1	-
Property Init	164.8	173.5	-0.1	-
Fixed Interest Ord	279.5	294.2	-0.3	-
Fixed Interest Init	195.8	206.1	-0.3	-
Deposit Ord	198.7	209.2	—	-
Deposit Init	139.2	146.5	—	-
Pension Funds				
Managed Ord	592.3	623.5	-0.1	-
Managed Init	415.0	436.8	-0.1	-
Equity Ord.	908.4	956.2	-4	-
Equity Init	636.5	670.0	-2.8	-
Pen Ind Lnd Gilt Ord	234.9	247.3	+0.5	-
Pen Ind Lnd Gilt Init	171.9	180.9	+0.3	-
Overseas Equity Ord.	434.6	457.5	+3.7	-
Overseas Equity Init	304.5	320.5	+2.5	-
Property Ord	303.3	319.3	—	-
Property Init	212.5	223.7	—	-
Fixed Interest Ord.	365.2	384.4	-0.5	-
Fixed Interest Init	255.9	269.4	-0.2	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable				
150 St Vincent St, Glasgow			041-248 2323	
Life Funds (First Series)				
Managed	432.8	455.4	-0.80	-
Equity	542.2	570.8	-0.80	-
Property	248.5	261.6	+0.15	-
International	433.4	456.3	-2.00	-
Japanese	122.3	128.8	-1.00	-
Asia Pacific	154.0	162.2	-0.80	-
European	118.7	125.0	-0.90	-
American	157.8	166.2	+1.20	-
Fixed Interest	365.6	384.9	+0.80	-
Index-Linked Gilt	201.7	212.4	+0.40	-
Cash	222.7	234.5	+0.10	-
Life Funds (Second Series)				
Managed	120.6	127.0	-0.20	-
Equity	116.8	123.0	-0.10	-
Property	104.5	110.0	—	-
International	134.2	141.3	-0.80	-
Japanese	122.8	129.3	-1.00	-
Asia Pacific	151.4	159.4	-0.70	-
European	117.8	124.1	-1.00	-
American	154.4	162.6	+1.10	-
Fixed Interest	137.7	145.0	+0.30	-
Index-Linked Gilt	129.2	136.0	+0.20	-
Cash	110.6	116.5	—	-
Pension Funds				
Building Society	175.8	185.2	—	-
Managed (Init)	248.4	262.6	-0.70	-
Managed (Acc)	503.2	529.7	-1.10	-
Equity (Init)	280.2	295.0	-0.70	-
Equity (Acc)	585.3	616.1	-1.00	-
Property (Init)	152.2	160.3	-0.10	-

Sun Alliance Group - Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

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	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Mngrs Intl Ltd						
PO Box 278, 45 La Motte St., Jersey 0534 27535						
Capital Strategy Fund Ltd (z)						
American Fd	$-		2.135		-0.003	-
Canadian Fd	C$-		1.150		+0.007	-
British Fund	£-		3.253		-0.14	1.25
European Fund	DM-		5.707		+0.001	0.5
Asia Pacific Fd	$-		3.603		+0.004	1.00
Japan Fund	Y-		627.8		+4.7	-
Australasian Fd	A$-		0.4794		+0.009	2.00
Global Resources	$-		0.9543		+0.004	1.25
Emerging Cities Fd	$-		2.397		-0.011	0.50
Int Growth Fund	$-		3.023		-0.010	0.50
Sterling Bond Fd	£-		1.255		+0.001	6.53
ECU Bond Fund	Ecu-		1.074		+0.002	7.03
Intl Bond Fund	$-		1.387		-0.004	4.94
US$ Deposit Fd	$-		1.011		-	2.04
Sterling Deposit Fd	£-		1.008			4.94
French Franc Dep Fd	FFr-		10.47		+0.07	7.86
Swiss Fr Dep	SFr-		5.115		+0.001	3.56
DM Deposit Fd	DM-		5.795		+0.005	6.71
Yen Deposit Fd	Y-		505.50		+0.1	2.01
Aust Dlr Deposit Fd	A$-		1.020		-	3.80
US Dollar Bond	$-		1.078		-0.007	4.65
Yen Bond	Y-		528.5		+0.1	3.78
US Dollar Global Curr	$-		0.9916		+0.001	-
Sterling Global Curr	£-		1.121		+0.004	2.4
John Govett (Channel Islands) Ltd (1000)F						
8 Minden Place, Helier, Jersey 0534 38678						
Global Stock Inv Ltd (Fully Govett Flexifund)						
Global High Income	5½	$10.78	10.78xd	10.83	-0.35	10.5
Dollar Cash	0½	$8.83	8.83xd	8.86	-0.12	3.00
Japanese Smllr Cos	5	Y988	988xd	1061	-6	0.00
Far East Equity	5½	$17.05	17.05xd	17.46	-0.29	0.75
US Smaller Cos	5½	$16.40	16.40xd	16.83		0.75
European Equity	5½	DM12.97	12.97xd	13.09	-0.35	2.00
UK High Income	5	£5.51	5.51xd	5.54	-0.11	8.4
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mngrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 604614						
Stg Fixed Int	3½	£1.387	1.387	1.442	+0.003	7.16
Offshore High Yield	3½	£1.568	1.570	1.627	+0.003	8.29
Global Equity Fund	5½	$16.92	17.05xd	18.24		0.00
European Equity	5½	DM21.83	21.83	23.08	+0.03	1.59
UK Growth (CI Fund)	5½	£5.400	5.400	5.775	-0.008	1.85
Nth American Eqty	5½	$11.89	11.89	12.42	-0.03	0.00
Far Eastern Eqty	5½	$15.28	15.28	16.34	+0.09	0.00
International Mngd	5½	£13.97	14.02	14.99	+0.19	0.00
Intnl. Bond Fund						
Sterling Managed	3½	£12.05	12.05xd	12.68	-0.23	7.27
US Dollar Managed	3½	$13.99	13.99xd	14.60	-0.26	5.39
International Currency Fund						
Sterling Managed	3½	£32.55	32.55	34.15	+0.11	-
US Dollar Managed	3½	$31.24	31.24	32.37	+0.04	-
Sterling	0	£29.89	29.89	29.89	-	4.82
US Dollar	0	$40.28	40.28	40.28	-	1.84
Deutschmark	0	DM71.08	71.08	71.08	+0.01	6.72
Japanese Yen	0	Y5156	5156	5156	-	1.51

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bank Von Ernst & Cie AG						
Marktgasse 63/65, 3001 Berne, Switzerland 3122405						
Von Ernst Global Portfolio						
Equity Sub-Funds						
UK Equity		£-	12.90	-	-	-
UK Smaller Co's Eqty		£-	18.92	-	-	-
Nth American Equity		$-	10.57	-	+0.02	-
US Smaller Co's Eqty		$-	11.17	-	+0.06	-
Pacific Basin Equity		$-	12.45	-	+0.07	-
Japanese Equity		Y-	621	-	+2	-
European Equity		DM-	10.11	-	+0.04	-
Bond Sub-Funds						
Sterling Fixed Int		£-	13.45	-	+0.01	-
Sterling Fixed Int Div		£-	11.45	-	-	-
European Fixed Int		DM-	11.16	-	+0.02	-
European Fixed Int Div		DM-	9.68	-	+0.02	-
International Sub-Funds						
Global Equity		$-	11.00	-	-	-
Global Bond		$-	11.55	-	-0.04	-
Global Bond Div		$-	10.47	-	-0.04	-
Global Managed		$-	10.17	-	+0.01	-
Banque Scandinave a Luxembourg SA						
16 Boulevard Royal, L-2449, Luxembourg						
Scandifunds						
Scandifund Equity Fund						
Equity Int. Acc	5	$-	16.88	17.17	-0.1	3.17
Equity Global	5	$-	1.53	1.56	-0.01	-
Equity Natural Res	5	$-	1.17	1.19	+0.01	-
Equity Japan Acc	5	Y-	117.25	118.40	+0.82	-
Equity UK	5	$-	1.47	1.5	-	-
Equity Nordic	5	$-	1.32	1.35	-0.01	-
Equity North America	5	$-	2.03	2.06	-0.01	-
Equity Mediterranean	5	$-	0.97	0.99	-0.01	-
Equity Contl Europe	5	$-	1.59	1.6	-0.01	-
Scandifund Far East						
Far East Global	5	$-	3.75	3.8	+0.02	-
Scandifund Bond Fund						
Bond Int. Acc	1	$-	12.79	12.92	-0.07	6.54
Europe Bond Acc	1	$-	1.61	1.63	-0.01	7.15
Bond DEM Acc	1	DM-	1.27	1.9	-	6.64
Bond USD Acc	1	$-	1.48	1.49	-0.01	5.79
Bond Sweden Acc	1	SKr-	16.98	17.16	-0.04	8.0
Scandifund International Gross						
Intl Emerging Markets	5	$-	1.2	1.22	-	-
Barclays Diversified Portfolio						
14 rue Aldringen L-1118 352 4799 2500						
IPB Deutschmark Reserve		DM-	31.98	-	-	-
IPB Sterling Reserve		£-	10.82	-	-	-
IPB Swiss Franc Reserve		SFr-	30.93	-	-	-
IPB US Dollar Reserve		$-	20.49	-	-	-
IPB European Bond		Ecu-	18.82	-	-	-
IPB North American Bond		$-	22.03	-	-	-
IPB Espana		Pta-	3155	-	-	-
IPB Europe		Ecu-	12.55	-	-	-
IPB Japan		$-	26.80	-	-	-

JERSEY (REGULATED)(**)

ISLE OF MAN

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

[illegible]

CANADA (2.45 pm)

[illegible]

JAPAN

[illegible]

INDICES

NEW YORK

DOW JONES

	Sep 30	Sep 29	Sep 28	Sep 27	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3555.12	3566.30	3568.02	3567.70	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	108.82	108.83	108.59	108.62	109.69 (13/9)	103.49 (11/1)	109.69 (13/9/93)	54.99 (1/10/81)
Transport	1628.13	1637.53	1653.78	1646.51	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	249.80	249.67	251.32	250.59	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3583.63 (3596.49) Low 3528.57 (3538.91) (Theoretical♦)
Day's High 3567.42 (3576.64) Low 3548.14 (3554.28) (Actual♦)

STANDARD AND POOR'S

	Sep 30	Sep 29	Sep 28	Sep 27	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	458.93	460.11	461.53	461.80	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	516.72	517.97	519.08	520.40	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	47.96	48.22	48.40	48.21	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	255.23	255.60	256.16	256.21	256.88 (31/8)	236.21 (8/1)	256.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	460.39	457.65	457.12	456.44	461.57 (3/9)	395.84 (8/1)	461.57 (3/9/93)	29.31 (9/12/72)
NASDAQ Composite	762.78	763.17	763.66	759.95	763.66 (28/9)	645.87 (26/4)	763.66 (28/9/93)	54.87 (31/10/72)

	Sep 24	Sep 17	Sep 10	year ago (approx.)
Dow Industrial Div. Yield	2.86	2.81	2.81	3.19
	Sep 22	Sep 15	Sep 8	year ago (approx.)
S & P Industrial div. yield	2.51	2.47	2.49	2.63
S & P Indl. P/E ratio	27.52	27.84	27.57	27.77

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Gen Motors	7,840,100	42	- 1⅞
Bolden	5,123,900	14¾	— —
Wachovia	4,145,800	39⅛	- ¼
Zeneca	3,646,700	32¼	- ⅛
Cap Guar	3,259,700	23	— —
YPF Sociedad	2,969,300	25¾	+ 1
Global Marine	2,782,500	5	+ ⅛
Deere	2,556,200	72½	- ½
Chrysler	2,415,500	47⅞	- ⅜
Gen Insts	2,382,200	52⅛	- ¾

TRADING ACTIVITY

† Volume Millions	Sep 30	Sep 29	Sep 28
New York SE	280.890	227.328	243.320
Amex	28.074	22.385	19.229
NASDAQ	306.211	341.324	283.387
NYSE			
Issues Traded	2,623	2,623	2,637
Rises	1,121	989	1,084
Falls	869	1,004	904
Unchanged	633	630	649
New Highs	107	146	163
New Lows	25	21	33

CANADA

TORONTO

	Sep 30	Sep 29	Sep 28	Sep 27	1993 HIGH	1993 LOW
Metals & Minerals	2825.12	2812.38	2842.08	2853.37	3140.94 (16/8)	2743.31 (21/1)
Composite	3990.60	3983.20	3978.83	3983.82	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1867.17	1864.39	1871.13	1875.10	1863.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10: and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Oct 1	Sep 30	Sep 29	Sep 28	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1972.7	1964.4	1951.4	1942.3	1977.10 (1/9)	1495.00 (13/1)
All Mining (1/1/80)	801.5	796.5	791.8	789.0	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	383.81	382.32	397.16	381.30	403.05 (31/8)	300.28 (14/1)
Traded Index (2/1/91)	968.88	962.87	953.85	961.16	1019.13 (6/9)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1313.61	1300.06	1288.79	1288.01	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	330.44	331.35	332.04	332.16	340.58 (19/8)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1407.9	1410.2	1397.8	1398.1	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	584.19	587.36	586.04	586.40	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2116.72	2114.63	2126.80	2119.97	2216.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	734.75	734.74	733.69	735.76	746.41 (31/8)	598.92 (14/1)
Commerzbank (1/12/53)	2097.2	2098.9	2095.30	2099.8	2125.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1912.09	1915.71	1907.69	1913.61	1944.89 (31/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	7676.22	7561.10	7470.50	7676.22 (30/9)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1684.55	1684.80	1663.12	1686.17	1754.84 (19/8)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	594.31	595.03	593.98	602.72	632.86 (30/8)	446.33 (6/1)
MIB General (4/1/83)	1307.0	1310.0	1306.0	1325.0	1390.00 (30/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20283.13	20105.71	20077.41	20172.72	21148.11 (13/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1634.09	1626.35	1617.86	1623.07	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2258.62	2256.50	2253.00	2252.37	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	859.87	853.83	848.56	849.92	859.87 (1/10)	614.28 (13/1)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	380.0	378.2	374.4	375.0	385.20 (31/8)	295.70 (4/1)
CBS All Shr (End 1983)	246.6	245.4	243.0	243.3	252.30 (31/8)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	916.60	912.05	900.52	911.29	979.17 (13/8)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1959.55	1973.76	1982.41	1981.12	1996.37 (17/9)	1270.88 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	528.35	524.02	514.02	514.22	529.35 (1/10)	394.19 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1505.0♥	1505.0	1540.0	1554.0	2038.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4477.0♥	4458.0	4484.0	4446.0	4719.00 (8/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	(c)	(c)	718.87	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	287.46	287.27	286.62	286.77	304.88 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1289.2	1294.8	1289.40	1295.6	1338.10 (18/6)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1072.78	1073.51	1077.45	1071.44	1077.98 (25/8)	904.80 (11/1)
SBC General (1/4/87)	848.37	848.75	850.61	847.24	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3808.40	(c)	3832.69	(c)	5013.28 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	992.34	971.44	966.02	968.50	998.68 (3/9)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	591.9*	591.4	592.0	592.1	605.20 (6/9)	488.60 (13/1)
Euro Top-100 (26/6/90)	1106.47	1104.32	1093.80	1102.58	1133.16 (30/8)	862.73 (13/1)

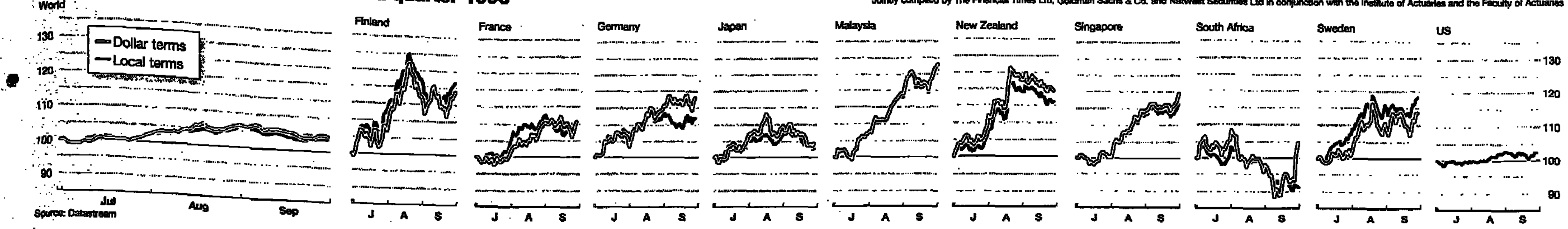
**Saturday September 25: Taiwan Weighted Price: 3877.45, Korea Comp Ex: 703.56.
♥ Subject to official recalculation. *Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500: (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

FT-Actuaries World Indices in the third quarter 1993

Jointly compiled by The Financial Times Ltd, Goldman Sachs & Co. and NatWest Securities Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries



AMERICA

Rally in bonds brings solid rise in blue chips

Wall Street

ENCOURAGED by a rally in the bond market, even though it was inspired by bearish economic news from the nation's purchasing managers, US share prices posted solid gains in moderate mid-session trading yesterday, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 23.47 at 3,578.59. The more broadly based Standard & Poor's 500 was 1.51 firmer at 460.44, while the Amex composite was up 0.64 at 461.03, and the Nasdaq composite down 0.73 at 762.05. Trading volume on the NYSE was 148m shares by 1 pm.

Secondary stocks, particularly those listed on the Nasdaq market, were weak from the start. Blue-chips, however, began inching higher by mid-morning as the bond market, which posted early losses, turned around sharply following the release of the September report from the National Association of Purchasing Management.

The NAPM's index of nationwide manufacturing activity rose from 49.3 per cent in August to 49.7 per cent, a smaller increase than expected. The news, while not positive for stocks, buoyed fixed-income investors, and helped bond prices stage a big rally. By early afternoon the 30-year bond, which had been down half a point at one stage, was up 18/32 at 103 11/32, and the yield was down to 5.979 per cent.

Stock market investors chose to focus on falling bond yields, and share prices moved steadily higher for the rest of the morning.

Among individual stocks, cyclicals were in demand. International Paper climbed $1 to $61¼, Caterpillar added $1⅞ at $80-78, General Motors firmed $½ to $42¼ and General Electric rose $¾ to $96¼. By early afternoon Morgan Stanley's Cyclical Index was up 2.36 at 283.58.

Airline stocks bounced back from losses incurred earlier in the week. AMR, parent of American Airlines, rose $1¼ to $66⅝, Delta $¾ to $52⅞, UAL $3⅞ to $140⅞ and USAir $⅝ to $12⅞.

Higher oil prices provided a boost for oil company shares. Texaco rose $1⅛ to $68⅞, Chevron put on $⅝ at $98⅞, Phillips Petroleum added $¾ at $34⅝ and British Petroleum surged $1⅛ to $60¼.

Declining interest rates lifted bank stocks. BankAmerica rose $½ to $44½, Chase Manhattan $¾ to $437⅞, Chemical $⅝ to $45¼, Citicorp $½ to $38½ and NationsBank $⅝ to $52⅛.

Profit-takers moved into Paramount Communications, which fell $1 to $77⅞, as investors awaited the next move in the bid battle.

Canada

TORONTO continued lower at midday, as investors became cautious in the face of a lower Canadian dollar. The TSE-300 index shed 20.99 to 3,969.62 at noon in turnover of C$228.93. Paper and forest products were among the biggest losers.

SOUTH AFRICA

JOHANNESBURG staged a partial, intraday recovery from early fears of continued strength in the financial rand. Gold's brief flurry above $355 an ounce offered mild support to that sector, which confined its fall to one point at 1,504.

The industrial index was 23 lower at 4,476, and the overall index was 7 down at 3,763.

Weights cut in Latam

WORRIES over growing US opposition to the North American Free Trade Agreement have led Merrill Lynch strategists to cut their weighting in the Latin American region from overweight to neutral, *writes John Pitt.*

Mr Thomas Robinson and Mr Douglas Johnson, international equity strategists based at Merrill Lynch's New York office, commented that "with the momentum of opinion toward Nafta apparently shifting toward those opposed, the schedule for timely passage looks less likely, particularly as Washington's attention will be focused on health care reform over the near term".

However, they remained confident that Nafta will eventually secure approval, and consider the longer-term prospects for the Latin American markets, and particularly Mexico, which has one of the lowest inflation rates in the region, to be good.

In the meantime, the strategists noted that "although fundamental factors still support the region as a longer term opportunity, the relative risk for Latin America in the near term compared with the emerging markets of Asia and Europe is increasing".

EUROPE

Individual stories move shares

INDIVIDUAL stories moved share prices yesterday, *writes Our Markets Staff.*

PARIS featured interest in Rhône-Poulenc, down FFr5.00 at FFr159.50, after the group announced that it was to buy out the outstanding minorities in its 51 per cent owned pharmaceuticals subsidiary, Institut Merieux.

Mr Michael Woodcock, French analyst at Nikko Europe, commented that while this was a positive move for Rhône-Poulenc, reinforcing its position in the health care sector, the increase of some 18 per cent of its equity in the process was likely to be mildly dilutive.

He added that the group's position in the privatisation timetable, currently second to BNP, could be jeopardised because of the new share issue.

The CAC-40 index rose 2.09 to 2,116.72, up 1.1 per cent on the week, in a session interrupted by technical problems.

FRANKFURT closed the week with the gains it achieved on Monday, the DAX index falling 3.62 to 1,912.09 on the session, a five-day rise of 1.4 per cent. Turnover fell from DM5.1bn to DM4.4bn.

However, prices picked up in the post-bourse, the Ibis-indicated DAX index closing the afternoon at 1,920.69.

Hopes of more encouraging money supply indications for September were one reason, and Wall Street's early performance gave dealers another excuse for a general mark-up.

Specific news in the afternoon included Lufthansa's confirmation that it had reached a co-operation agreement with a US air carrier, thought last night to be United Airlines, after a lengthy search. In the post-bourse, the shares were quoted up to DM4 higher than their official, DM161.2 close.

ZURICH edged ahead in cautious trading, the SMI index adding 8.5 to 2,481.6, or 1.5 per cent higher on the week.

Institutional selling left SMH SFr18.50 or 8 per cent lower at SFr212, after the watchmaker warned that poor Christmas sales would leave profits flat for the year.

Swissair, a cumulative 13.8 per cent lower during September, picked up SFr20 or 3 per cent to SFr675 after the latest Alcazar announcement.

However, Mr Roland Leutenegger of Bank Julius Baer in Zurich noted that the statement contained little that was new and he suggested that the rise was a technical reaction to the recent fall.

Swiss Re rose SFr5 to SFr3,320 ahead of its 1992 results, announced after the bourse closed.

In the event, a 5.6 per cent rise in group net profit for 1992 was in line with expectations, said Mr Kishore Banger of James Capel, who expects earnings growth averaging 24 per cent a year during the next three years.

Schindler added SFr90 to SFr6,190 as it forecast a rise of at least 10 per cent in 1993 group net profit.

AMSTERDAM saw a strong rise in KLM, founded on news that progress had been made in talks between European airlines over the Alcazar link-up, the shares rising Fl 1.90 or 5 per cent to Fl 37.00.

The CBS Tendency index closed up 0.7 at 125.2, up 1.1 per cent on the week.

Nedlloyd retreated a further Fl 1.00 to Fl 39.20, after a 70 cents loss on Thursday. The transport group has seen consistent selling in recent days and has fallen some 19 per cent in value since reaching a year's high on September 3.

MILAN gave ground, as profits were taken in the telecommunications sector after the sharp rises over recent months. The Comit index slipped 1.72 to 594.31 for a 1.3 per cent rise over the week.

Stet, the holding company shed L54 to L4,320 while Sip, the domestic telephone operator was L35 lower at L3,688.

Fiat continued to pick up some of Wednesday's losses, rising L90 to L5,790; Rinascente remained suspended, with analysts becoming increasingly impatient for more information about its disposal.

CSFB said it was maintaining its buy recommendation on Ifil, which also continued suspended.

Montedison, L21 higher at L765, attracted speculative interest rose following its announcement of improved operating profits; Ferruzzi rose L8 to L324.

On the opposite tack, Italcementi shed L230 to L9,260 after it revealed that production fell 20.1 per cent in the first half.

VIENNA's ATX index gained 5.81 to 968.68, but Austrian Airlines fell Sch40 to Sch1,810 after saying that it would not make a decision on co-operation until mid-October, in spite of comments from its potential Alcazar partner, Swissair, that a deal was near.

OSLO's North Sea oil stocks pushed the bourse higher after an erratic week, optimism here after Opec nations agreed to curb output making up for a mixed performance elsewhere. The all-share index ended 2.81 firmer at 547.64, up 0.5 per cent on the week, in turnover of NKr453m.

ISTANBUL moved into positive territory once again after two days of declines as investors took profits.

The composite index rose 872.7 or 5.8 per cent to 15,952.4, for a gain of 6 per cent on the week. Turnover was estimated at TL1,070bn.

Renewed interest in equities has emerged following a slight easing in interest rates this week and expectations that further cuts are likely in the near future. Eregli rose TL350 or 8.7 per cent to TL4,350.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

October 1 Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE Eurotrack 100	1291.47	1291.93	1291.83	1292.85	1293.05	1291.65	1293.46	1293.99
FT-SE Eurotrack 200	1363.78	1363.41	1364.34	1364.61	1364.95	1364.91	1368.77	1368.19

	Sep 30	Sep 29	Sep 28	Sep 27	Sep 24
FT-SE Eurotrack 100	1293.02	1288.31	1288.96	1290.59	1274.95
FT-SE Eurotrack 200	1362.51	1356.79	1364.11	1361.41	1346.86

Base value 1000 (26/10/90) High/day: 100 - 1294.14; 200 - 1369.11 Low/day: 100 - 1291.21 200 - 1363.28

ASIA PACIFIC

Malaysia advances to record high

Tokyo

INDEX-linked buying of large capital issues prompted short covering, and the Nikkei average advanced in active trading, *writes Emiko Terazono in Tokyo.*

The Nikkei rose 177.42 to 20,283.13 in volume up from 276m shares to 350m; it fell to the day's low of 20,056.31 in the morning, but gained in tandem with the futures market, hitting a high of 20,328.13 in the afternoon. The market was barely moved on the week.

Advances led declines by 689 to 303 with 181 unchanged. The Topix index of all first section stocks gained 7.84 to 1,634.09 and, in London, the ISE/Nikkei 50 index rose 2.19 to 1,261.48.

Traders said that buying by investment trusts took investors by surprise; they had been expecting the Nikkei to fall below 20,000. Buying by public funds was noted, while the dollar's rise against the yen also supported exporters.

Large-capital issues, weak last month on profit-taking ahead of the interim closing of investment books, advanced with NKK up Y3 to Y269 and Mitsubishi Heavy Industries Y9 to Y653.

Investors bought Nippon Telegraph and Telephone which rose Y49,000 to Y880,000. The issue had been previously sold on margin calls and reports of rate cuts.

Some issues were bought on the restructuring theme. Isuzu Motors rose Y27 to Y400 and Mazda Motor up Y9 to Y492. High-technology exporters were higher, with Hitachi gaining Y1 to Y820 and NEC rising Y17 to Y969.

Retailers lost ground on profit taking, with Ito-Yokado, a leading supermarket chain down Y80 to Y5,380, as did pharmaceuticals, with Yamanouchi Pharmaceutical losing Y40 to Y2,450.

In Osaka, the OSE average gained 101.09 to 22,287.86 in volume of 18m shares. The index rose as individuals sought small-capital issues, but lost its impetus towards the close.

Roundup

SELECTED Pacific Rim markets continued to demonstrate strength, while Hong Kong and Seoul were closed.

KUALA LUMPUR extended its recent rise and the composite index added 6.04 to a record high of 859.87, for a 2.6 per cent rise on the week, in volume that dipped to 639.7m from Thursday's 763.4m.

Mr Michael Franklin of James Capel noted that the market was supported by expections of an expansionary 1994 budget to be tabled on October 29; forthcoming ruling party elections next month, ahead of the general election in the first half of next year; and the granting of large infrastructure projects, including a second airport, as part of the next five year development plan.

He added that other contributory factors included the release by the government of some timber concessions in east Malaysia and the conclusion of business deals in China.

The index was helped ahead by strong rises in some of its main components. Genting rose 80 cents or 3.3 per cent to M$25.

Renewed US interest was seen in the wake of a Credit Lyonnais roadshow in New York. Among the four featured companies, Ekran firmed M$1.10 to M$14.20, while Telekom Malaysia rose to a high of M$17.60 before closing 10 cents ahead at M$17.30.

BANGKOK saw heavy institutional buying of leading stocks lift the SET index 20.90 or 2 per cent to 992.34. However, turnover was thin at Bt4.3bn, as retail investors remained absent on worries over new rules on margin requirements.

The market gained 1.3 per cent on the week.

AUSTRALIA recovered from early losses and the All Ordinaries index put on 8.3 to 1,972.7 in turnover of A$261.8m, for an improvement of 1.3 per cent on the week.

Foster's saw 6.7m shares change hands as the stock ended steady at A$1.33, with strong institutional interest being seen in the brewer.

SINGAPORE finished ahead, but off the day's highs, as investors took profits and trimmed positions ahead of the weekend. The Straits Times Industrial index closed 9.08 higher at 2,018.10, 1.7 per cent up on the week.

MANILA weakened further as the peso continued to depreciate against the US dollar and foreign investors remained absent. The composite index fell 14.21 to 1,959.55, little changed over the week. Turnover fell back to 476.2m pesos from Thursday's 637.5m pesos.

Analysts also noted that there had been some switching out of equities and into Treasury bills on expectations of a rise in interest rates.

TAIWAN continued its downward consolidation after Thursday's holiday amid concern about corporate profits and the approach of local government elections at the end of November. The weighted index shed 26.29 to 3,806.40, 1.9 per cent lower over the week, in very slow trade of T$10.44bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY SEPTEMBER 30 1993 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY SEPTEMBER 29 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993 High	1993 Low	Year ago (approx)
Australia (69)	142.60	+0.4	141.37	95.64	121.32	147.22	+0.6	3.51	142.06	139.25	94.42	119.17	146.31	148.84	117.39	123.18
Austria (17)	169.48	+0.0	168.02	113.67	144.20	143.42	+1.0	1.08	169.52	166.17	112.68	142.20	142.04	180.43	131.16	161.23
Belgium (42)	146.42	-0.7	145.16	98.19	124.57	127.46	+0.9	4.52	147.40	144.49	97.97	123.65	126.32	156.76	131.19	147.72
Canada (107)	121.72	-0.2	120.66	81.63	103.55	117.62	+0.3	2.88	121.92	119.51	81.03	102.27	117.28	130.38	111.41	116.48
Denmark (32)	230.21	-1.3	228.22	154.40	195.87	206.26	-0.4	1.10	233.14	228.52	154.96	195.57	207.06	233.14	185.11	209.55
Finland (23)	110.73	+0.5	109.78	74.27	94.21	135.05	+1.3	0.77	110.21	108.03	73.26	92.45	133.30	118.56	65.50	58.96
France (97)	167.68	-1.5	166.23	112.45	142.65	149.73	-0.5	3.08	170.16	166.79	113.09	142.73	150.47	171.69	142.72	158.79
Germany (60)	127.04	-0.9	125.94	85.21	108.06	108.08	+0.5	1.95	128.24	125.70	85.25	107.57	107.57	129.13	101.59	114.00
Hong Kong (55)	305.07	+1.5	302.44	204.60	259.57	302.94	+1.4	3.36	300.67	294.73	199.85	252.23	298.66	305.07	218.82	228.80
Ireland (14)	167.75	-0.5	166.30	112.51	142.72	164.77	+0.2	3.40	168.64	165.30	112.09	141.46	164.39	173.06	129.28	145.61
Italy (70)	73.57	-0.7	72.93	49.34	62.59	87.28	+0.1	1.86	74.12	72.65	49.26	62.17	87.15	78.93	53.78	51.00
Japan (470)	152.35	-0.3	151.03	102.17	129.63	102.17	+0.6	0.81	152.78	149.76	101.55	128.18	101.55	165.91	100.75	108.54
Malaysia (69)	417.17	+1.4	413.57	279.77	354.92	408.90	+1.2	1.70	411.24	403.11	273.33	344.96	403.88	417.17	251.66	248.31
Mexico (19)	1661.23	-1.1	1646.89	1114.15	1413.40	5747.68	+0.4	0.86	1679.29	1646.08	1116.18	1408.68	5723.89	1771.56	1410.30	1251.63
Netherland (24)	184.50	-0.2	182.91	123.74	156.86	154.53	+1.1	3.54	184.83	181.17	122.85	155.05	152.82	187.18	150.39	168.39
New Zealand (13)	59.50	+0.3	58.99	39.91	50.63	57.39	+0.4	3.89	59.31	58.13	39.42	49.75	57.18	62.98	40.56	40.23
Norway (22)	169.55	+0.7	168.09	113.72	144.26	164.15	+1.4	1.81	168.39	165.06	111.93	141.26	161.82	177.44	137.71	149.32
Singapore (38)	298.13	+1.9	295.56	199.95	253.65	217.35	+1.4	1.58	292.61	286.82	194.49	245.45	214.26	298.13	207.04	188.57
South Africa (60)	207.91	+2.6	206.11	139.44	176.89	187.00	-0.6	2.80	202.55	198.54	134.62	169.90	188.15	215.29	144.72	166.69
Spain (43)	136.87	-0.6	135.69	91.80	116.45	136.25	+0.2	4.19	137.74	135.02	91.56	115.54	135.92	140.97	115.23	113.55
Sweden (36)	189.96	-0.2	188.32	127.41	161.63	227.43	+0.3	1.49	190.26	186.49	126.46	159.60	226.80	198.23	149.70	163.74
Switzerland (50)	139.55	-1.6	138.34	93.60	118.74	123.72	-0.5	1.75	141.83	139.02	94.26	118.98	124.29	141.83	108.91	121.55
United Kingdom (218)	184.90	-0.9	183.31	124.00	157.30	183.30	+0.2	3.90	186.63	182.94	124.04	156.54	182.94	191.70	162.00	176.76
USA (520)	187.70	-0.3	186.08	125.89	159.71	187.70	-0.3	2.73	188.21	184.49	125.10	157.89	188.21	189.40	175.38	169.76
Europe (748)	156.14	-0.9	154.79	104.72	132.85	146.96	+0.2	3.07	157.62	154.51	104.77	132.23	146.71	159.39	133.92	142.66
Nordic (113)	179.68	-0.3	178.13	120.51	152.67	186.38	+0.3	1.32	180.19	176.62	119.77	151.15	185.76	183.23	142.13	152.97
Pacific Basin (714)	157.37	-0.1	156.01	105.55	133.89	110.01	+0.7	1.08	157.54	154.43	104.72	132.18	109.27	168.80	105.89	112.71
Euro-Pacific (1462)	156.78	-0.5	155.40	105.12	133.36	124.97	+0.5	1.89	157.47	154.35	104.66	132.09	124.38	162.88	117.26	124.83
North America (627)	183.61	-0.3	182.02	123.16	156.24	182.95	-0.2	2.74	184.10	180.46	122.38	154.46	183.41	185.59	171.51	166.44
Europe Ex. UK (530)	137.60	-1.0	136.41	92.30	117.10	125.81	+0.2	2.52	138.92	136.17	92.35	116.56	125.61	139.50	112.51	121.96
Pacific Ex. Japan (244)	206.72	+1.1	204.94	138.67	175.90	193.31	+1.1	2.98	204.43	200.38	135.90	171.50	191.18	206.72	152.70	153.64
World Ex. US (1648)	157.04	-0.4	155.68	105.33	133.62	126.86	+0.4	1.92	157.68	154.56	104.81	132.26	126.29	162.89	118.51	125.63
World Ex. UK (1950)	164.46	-0.3	163.04	110.31	139.94	141.97	+0.2	2.05	164.95	161.69	109.64	138.38	141.72	168.50	134.22	136.03
World Ex. So. Af. (2108)	168.09	-0.4	164.66	111.41	141.33	145.30	+0.2	2.22	166.73	163.44	110.83	139.88	145.03	170.43	137.29	139.47
World Ex. Japan (1698)	175.58	-0.4	174.07	117.77	149.41	170.50	+0.0	2.85	176.26	172.78	117.17	147.88	170.52	177.11	157.47	157.28
The World Index (2168)	166.27	-0.4	164.84	111.52	141.48	145.69	+0.2	2.23	166.86	163.56	110.91	139.98	145.44	170.42	137.32	139.56

PLEASE NOTE: Affiliated Publications (USA) will be deleted 4/10/93 and not 1/10/93 as previously stated. Constituent change 1/10/93: Name change: Oji Paper to New Oji Paper (Japan). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 13¼pc 1993‡‡		101 1/16	-1/16	106 5/16	101 1/16	13.61	5.69
8½pc 1994		100 27/32	-1/32	102 11/32	100 13/32	8.42	5.55
14½pc 1994‡‡		103⅝	-1/16	109¼	103⅝	13.99	5.51
Exch 13½pc 1994		104 13/32xd	-1/32	109 7/16	104 13/32	12.93	5.55
Treas 10pc Ln 1994‡‡		102 31/32	-1/32	105 13/32	102 17/32	9.71	5.56
Exch 12½pc 1994		105 15/32	-1/32	110 3/32	105 15/32	11.80	5.49
Treas 9pc 1994‡‡		103⅝	-1/32	106 11/32	103⅝	8.69	5.60
12pc 1995		108	-1/32	111 13/32	108	11.11	5.58
Exch 3pc Gas 90-95		97¾xd	----	97¾	94	3.07	4.63
10¼pc 1995		107 23/32	-1/16	109⅞	107 1/16	9.52	5.65
Treas 12¾pc 1995‡‡		113 5/16	-1/32	116⅞	113½	11.23	5.81
14pc 1996		117 1/16	-1/32	120⅝	117 1/16	11.98	5.91
15¼pc 1996‡‡		121 13/32xd	-1/32	125⅝	121⅝	12.52	6.03
Exch 13¼pc 1996‡‡		117 1/16	-1/32	120 1/16	116½	11.31	6.03
Conversion 10pc 1996		110 13/32	-1/32	111½	108⅞	9.04	6.17
Treas 13¼pc 1997‡‡		120 1/16	-1/16	122 1/16	118 23/32	11.01	6.32
Exch 10½pc 1997		112⅝	-1/32	113⅝	110 1/16	9.32	6.29
Treas 8¾pc 1997‡‡		108 13/32	-1/16	109	105½	8.07	6.27
Exch 15pc 1997		129 13/32xd	-1/16	132 11/32	127 13/32	11.54	6.50
9¾pc 1998		112 5/16	-1/16	112 23/32	109 1/16	8.68	6.44
Treas 7¼pc 1998‡‡		103 1/16xd	-1/16	103⅞	99 13/32	7.00	6.34
7¼pc 1998 B‡‡		103 13/32	-1/16	103¾	101 1/16	7.01	6.35
Treas 6¾pc 1995-98‡‡		101xd	-1/16	101¼	97 13/32	6.68	6.13
14pc '98-1		128 5/16	-1/16	129½	125 1/16	10.92	6.78
Five to Fifteen Years							
Treas 15½pc '98‡‡		137xd	-1/32	138 11/32	133 23/32	11.31	6.65
Exch 12pc 1998		122 5/16	-1/16	123 13/32	118⅝	9.81	6.75
Treas 9½pc 1999‡‡		112⅝	----	113½	108 5/16	8.44	6.61
Exch 12¼pc 1999		124½	-1/8	125⅝	120 5/16	9.84	6.81
Treas 10½pc 1999		117½	-1/8	118⅝	112 13/32	8.94	6.70
Conversion 10¼pc 1999		117 13/32	-1/8	118 13/32	112 5/16	8.73	6.72
9pc 2000‡‡		112 1/32	-1/32	113	106	8.03	6.65
Treas 13pc 2000		132	-1/16	133 1/16	125½	9.85	6.97
10pc 2001		117⅜	-1/32	118⅝	109 13/32	8.52	6.94
7pc '01(£57¼P/P)‡‡		81 1/16	-1/16	81 13/32	57 13/32	6.92	6.79
9¾pc 2002		117¼	-1/16	119 3/32	108⅛	8.28	7.03
8pc 2003‡‡		107 5/16	-1/32	108 13/32	97 1/16	7.44	6.90
8pc 2003 A‡‡		107½	-1/8	108 13/32	102⅝	7.44	6.91

BRITISH FUNDS - Cont.

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BRITISH FUNDS - Cont.

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OTHER FIXED INTEREST

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LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		18¾xd	-⅛	20⅛	15⅝	15,326	2.5
Allegheny & W	♥	548½p	+1½	722p	399p	314.1	3.6
Amdahl		402p	+13	591p	294p	451.5	0.8
Amer Cyanamid		36¾	+⅝	38⅝	31¾	3,313	3.2
Amer Express		23¾xd	-⅛	25⅞	14⅞	11,429	2.8
Amer T & T		39½xd	+¼	43¼	33⅛	53,061	2.2
Ameritech		57¾	+⅜	58¼	46	25,120	4.3
Anheuser-Busch		30⅝	+½	41¼	29⅞	8,474	3.1
BankAmerica		29⅞xd		38⅛	27⅛	10,443	3.2
Bankers NY		59⅞xd	-⅛	64¼	42⅝	4,411	3.9
Bell Atlantic		42¾	+¾	42½	32¼	18,584	4.2
BellSouth		40½	+⅜	41	32⅞	20,087	4.6
Bethlehem Steel	♥	9⅝xd		13⅛	9½	871.1	-
Bowater		1241pxd	+23	1682p	1189p	449.7	3.2
CPC		29⅛xd	+⅜	34⅝	26	4,454	2.9
California Engy		1178p		1479p	1096p	214.5	-
Chase Manhattan		24⅞xd	+⅛	24⅝	17⅞	3,882	3.2
Chrysler		31⅞xd		32⅞	21¼	8,362	1.2
Citicorp		25½xd	+⅛	25½	13⅛	9,321	-
Colgate-Palm		35⅞xd	+⅛	45⅝	32	5,608	2.7
Comm Bank		1790p		1877p	1278p	1,808	2.2
Dana		38⅝xd	+⅛	38⅝	29½	1,773	2.8
Data General		668p	+43	951p	527p	189.6	-
Decora Inds	♥	110p		148p	104p	-	-
Dun & Brad		41⅝		42¼	37⅛	7,377	4.0
Eaton		34	+1⅛	34	25⅞	2,365	2.4
Echlin		20⅛xd	-¼	21⅞	15⅛	1,191	2.3
FPL		26⅛xd	-⅛	27⅝	23¼	4,791	6.3
Ford Motor		36⅞xd	+⅞	37⅞	28⅛	18,172	2.9
Gen Elect		64⅛xd	+⅞	67⅞	55⅞	54,711	2.6
General Host	♥	532p		723p	456p	-	4.3
Gillette		38⅝xd	-⅛	42⅝	31⅛	8,458	1.5
Hasbro		20⅞		20⅞	30⅞	1,819	0.9
Honeywell		23⅝xd	-⅛	28⅞	20½	4,924	2.5
Houston Inds		30⅞		33⅛	28⅛	3,988	6.5
Ingersoll-Rand		25⅝xd	+½	25⅞	19⅛	2,664	1.8
Lockheed		42½	+⅛	45⅞	35⅛	2,635	3.3
Lowe's		3027p	-23	3060p	1573p	2,308	0.7
Malvy Technology		347½p	-2	330p	127p	-	-
Merrill Lynch		65⅝xd	-1⅛	68⅞	37	6,945	1.4
Morgan (JP)		52⅝xd	+⅝	52⅞	38⅞	10,035	3.1
Morris (Philip)		30⅝xd	+⅜	52⅝	29	26,838	5.7
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CANADIANS

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BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
ADT $		835		875	463	881.7	-
Adam & Harvey		228		228	198	9.78	6.6
Air London		75		92	56	6.65	5.8
African Lakes		47		56	37	3.31	5.3
Autofted Sec		145	+3	178	125	165.2	4.6
BET		128	-1½	138	84	1,195	3.2
BNB Res		101		101	41	24.4	6.1
BPP		311		318	258	81.8	3.2
Barcour Index		219		285	195	36.4	4.6
Black & Edg		1¼		1½	0½	6.09	-
Boustead		23		24	15	19.6	‡
Bridgend		23	-1	27	12	6.75	2.2
Brit Data Mangt		243		289	184	59.0	2.5
Brit Fittings		83		86	45	19.8	2.3
Brooks Service		65		73	54	7.83	-
Business Post		163		164	131	81.5	2.2
CRT		100xd		109	86	52.8	3.5
Capita		188	-1	193	139½	89.1	1.4
Casket		43		45	31	34.4	2.3
Chiltern Capital AS		22		55	18½	20.4	-
Christie Group		50		51	26	11.7	-
Chubb Security		349	+3	370	228	975.1	1.7
Comac		92	-2	100	18	5.91	2.0
Corp Servs		31		34	6½	9.21	-
Coutts Consulting		65	-1	58	20	13.1	-
Dart		103	-1	110	50	15.7	4.0
Davis Service		229xd	+2	258	196	233.1	4.4
EW Fact		89		104	85	6.10	5.7
Gardiner		30¼	-½	32	11	32.9	‡
Hays		252½		257	216	1,017	2.7
Hogg Robinson		227	+1	248	174	157.1	3.6
Holmes Protect $		39		70	35	17.2	-
Hutch Whmp HK$	♥	208	+2	208	137	7,228	2.3
ISS B DKr		£19¼		£20⅝	£9¼	512.9	5.3
Inchcape		519	+4	637	511	2,719	3.3
Intl Food Machinery		73xd	-2	84	52	10.8	2.4
Johnson Cleaners		856		883	669	188.6	3.8
Lep		10		12	2½	82.2	-
MITIE		278		288	173	31.2	1.6
Manpower $		1065	+11	1187	893	792.4	-
OIS Intl		79xd		79	52	23.7	1.1
Page (M)		61½xd		62	40½	36.8	3.7
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CHEMICALS

[illegible]

CONGLOMERATES

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CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

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ELECTRICALS - Cont.

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ELECTRICITY

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ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

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ENGINEERING-GENERAL

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ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

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FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

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INSURANCE BROKERS

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INSURANCE COMPOSITE

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INSURANCE LIFE

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INVESTMENT TRUSTS

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INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Pig	♣	225	+1	226	136			
Warrants		525	+20	525	225	–	244.2	9.5
Scot East	♣†□	77¼	–	81½	63½	–	–	–
Scottish Inv	♣†□	217	–	222	183	2.4	90.3	13.9
Warrants	□	68¼	-½	70½	38	2.7	253.6	14.4
Scot Mortgage	♣□	211½	+½	225	178	–	–	–
Scot National Inc	♣k□	102	+1	102	83	2.4	243.4	13.3
Cap	□	32	–	35	16	9.2	–	–
Stepped Pf		157	–	158½	150¾	–	95.1	66.3
Zero Div Pf		228½	–	231½	207	4.8	–	–
Warrants		3¼	–	5	2½	–	–	–
Scot Value	†a□	98	–	98½	71	–	–	–
Sec Alliance	♣	1536xd	+5	1582	1390	2.3	94.2	-2.0
Second Constd	□	176	-2	188	88	3.2	1704.2	10.3
Second HBSC	□	106	–	106	101	–	191.9	7.8
Second Market	As	393	–	393	258	–	–	–
Sec Tst Scot	♣□	87½	–	91	74½	0.8	416.2	5.5
Select Assets	□	154	–	157	109½	4.6	88.9	1.5
Eq Ind Ser1		149	+1	150	128	1.0	187.7	18.0
Eq Ind Ser1		148	+1	150	128	3.6	–	–
SHIRESCOT	♣u	142	–	142	104	3.6	–	–
Shires	♣M	278xd	+1	286	231	4.8	140.8	0.5
Siam Select	♣	140	–	150	97	7.8	281.1	1.7
Smaller Cos	□	131	–	135	78	0.9	161.0	11.5
Warrants		58	–	67	14	2.5	127.2	-2.6
Sphere Inc	□	36	–	36	14	–	–	–
Zero Div Pf		92¼	+½	92¼	80¼	11.0	43.7	18.6
Units		895	–	895	785	–	–	–
Sumit		104xd	–	105	36	–	–	–
TR City of Lon	□	149½	–	154	128	1.7	101.4	-2.5
TR Euro Growth	♣□	118xd	–	126	76	4.0	142.7	-4.1
Ptg Sub		68xd	–	68	27	1.8	122.5	3.7
TR Far East Inc	♣†□	153	–	164	112	2.5	–	–
Warrants		48½	–	67½	22	3.7	148.0	-3.4
TR High Inc		132	+1	133	102	–	–	–

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Europa Mins	N□	33	–	42	15	15.9	–
Glencar Expl IE	‡‡	12	–	12	6	2.22	–
Greenwich Res	♣□	14¼	–	22¼	5	11.5	–
Hemlo Gold C$		£5⅝	+¼	£9⅛	£3½	544.3	1.8
Ivernia West IE	‡‡□	39	–	57	31	19.6	–
Kells Mins IE	‡‡	11	–	14	6	0.27	–
Kenmare	♣□	8¼	–	13½	6	8.76	–
Meliinga Res		8	–	25½	7½	0.88	–
Nasan Res IE	♣	93	–	102	25	15.8	–
5pc Ln Notes		88⅛	–	95¼	25	15.9	–
Oryx Gold		75½	–	76⅛	47	–	–
‡‡Ovoca Res IE		8	–	8	3½	0.56	–
RTZ	♣†N□	677	-2	748	607	7,196	3.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES

Weekend October 2/October 3 1993

US government switches travel card from Diners Club

American Express in $18m deal

By Richard Waters in New York

WASHINGTON will echo to the sound of hundreds of thousands of plastic cards being cut in half on November 30.

On that day, 900,000 federal government employees in the US and around the world will rip up their blue and silver Diners Club cards and slip the green of American Express into their card wallets instead.

The US government's travel card account is reckoned to be the biggest commercial charge card account in the world. After 10 years, Diners Club, which is owned by Citicorp, has been outbid for the business by an American Express deal which is expected to save US taxpayers $120m (£77.9m) over the next five years.

To grab the US government's charge card business, American Express hit on a novel idea. Rather than charge the usual annual fee for its cards, it will instead pay the US government a one-off fee of $20 for each piece of plastic issued.

American Express calls this sum, expected to total $18m, a "conversion fee", a payment to cover the US General Services Administration's costs of switching card issuers. The GSA, on the other hand, says the money will pay its overheads for the next five years and save it going to Congress to ask for cash. Sweeteners in the form of rebates on the estimated $2.5bn annual travel expenses of US government employees could amount to a further $100m over the next five years, according to the GSA.

While it is a prestige account, the US government business is unlikely to boost American Express's bottom line.

Diners Club says the business, which represents about 10 per cent of the $22bn volume on its charge cards last year, was only marginally profitable.

Mr Roger Ballou, president of American Express's US travel services group, said the company would make money out of its relationship with the government, but refused to say how much.

The people who could end up footing the bill for the shift from Diners Club to American Express are the travel companies, hotels and restaurants used by US government employees.

American Express charges the retailers which accept its cards an average of 2.9 per cent. Diners Club says its own merchant discounts, as they are known, are pitched between this and the 2 per cent typically charged by bank card issuers. "The merchants get value from American Express," said Mr Ballou. "They wouldn't use us otherwise."

THE LEX COLUMN

United we fly

The winds of change are whistling through the airline industry so fast that it is becoming ever more difficult for carriers to chart a steady course. The proposed link-up between Lufthansa and United Airlines opens up a new competitive front and provides further evidence of rapid global consolidation. Moreover, Europe may soon see the creation of another international force if the Alcazar alliance becomes a reality. That merged carrier will doubtless be keen to forge effective transatlantic links.

The Lufthansa-UAL alliance will increase the pressure on Delta, which has a big presence at Frankfurt. But British Airways, too, which has been winning traffic by siphoning off transatlantic passengers from Germany, will face a trickier task. As the biggest US international carrier, United was once BA's preferred US partner. United's big presence at Heathrow and in the important US-Pacific region may considerably discomfit the British carrier once a working relationship with Lufthansa has been established.

A possible weakness in the Lufthansa-UAL link-up could be the lack of financial commitments. With bitter experience, BA argues equity holdings are necessary to cement trading relationships. Lufthansa, though, seems likely to eschew this approach. In truth, it may have little option. The state-owned German carrier is cutting costs with a vengeance to ready itself for privatisation and can ill afford the cash. The tangled web enmeshing its vast pension fund obligations has also to be resolved with the government.

Oil shares

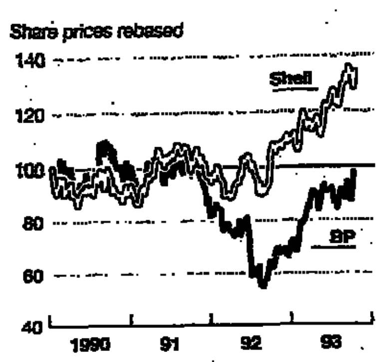
The agreement among the Opec producers certainly seems to have calmed the oil market when fears of an outright collapse were growing. Saudi Arabia's readiness to compromise and the involvement of several Gulf heads of state underlined how seriously Opec takes the threat to its position. Yet the agreement does little more than institutionalise the current over-production and formally include Kuwait in the quota system. It will not do much to tighten the oil market, and crude prices may not rise much above $18 a barrel.

That probably puts a cap on the recent rebound in oil company shares. But since BP and Enterprise have lagged behind Shell lately, there is still some room for them to fare somewhat better. Lasmo is permanently hidden in a swirl of bid rumours, but the recent high turnover almost certainly owes more to its efforts to attract new investors in the US than to the likelihood of predatory stake-building.

FT-SE Index: 3039.3 (+1.8)

BP and Shell

Share prices rebased



Source: FT Graphite

One key is the way in which US investors have bought into UK oil shares over the past year. In part that is because simple cash flow models, which are not adjusted for debt servicing, show some UK oil shares to be cheap.

Persuasive tales of cost cutting and recovery stocks also play a part. If US funds continue to buy BP and take an interest in Lasmo and Enterprise the sector looks underpinned. How long they are prepared to hold the shares must also be a worry for UK fund managers who are feeling uncomfortably underweight.

National Lottery

The Camelot consortium created to bid for the UK's National Lottery will remain little more than a shimmering castle in the sky until the government details its intentions. But the serious preparations being made by a string of blue-chip companies confirm the view that a betting bonanza is about to break out.

Some members of the Camelot consortium could benefit directly from operating the lottery. Racal, ICL and De La Rue will all be keen to sell their wares to the operator. Cadbury Schweppes's involvement appears rather less explicable, although its marketing muscle will clearly help. There may be a defensive aspect to Cadbury's move; indecisive shoppers with shallow pockets may waiver between indulging in lottery tickets or chocolate treats. But it is certainly gratifying to know that Cadbury has the spare management resources to become involved in Camelot while taking on the might of Coca-Cola and PepsiCo in their home market.

The national lottery may yet become the biggest single consumer product in the UK, as Camelot firmly believes. But it is unlikely ever to be the most profitable. With the lottery's prizes, charitable contributions and tax fixed by the government, profitability will depend on the operator's efficiency. After the necessary heavy advertising, a meagre margin of just 2-3 per cent may be attainable, making volume critical. But even if wildly popular, there will be a limit to investment returns. Oflot's role will surely be to divert "excessive" profits into the coffers of more worthy causes.

Lloyd's funds

The funds now being set up to invest in the Lloyd's insurance market are a diverse bunch. The most obvious difference between them lies in investment strategy, since shareholders' funds can be invested in liquid securities as well as pledged to back insurance policies. CLM, launched by BZW and Sedgwick, will buy UK equities. Warburg's proposed vehicle favours bonds, while Noble's plans an international spread of assets. But while investment strategy will have some impact on performance, the choice of underwriting syndicates will make or break each fund.

Backing a bad syndicate carries a far higher penalty than buying shares in a company which fails, since insurance claims can turn out to be far higher than the syndicate's paid-up capital. Investing in Lloyd's through a limited-liability fund should protect investors from the ruinous losses suffered by Names. But funds which back loss-making syndicates will see their assets quickly eroded.

Spreading investment across a range of syndicates offers scant protection against the size of individual losses which can occur in reinsurance. The quality of research employed by the fund will thus be critical to success. For an outsider that is extremely difficult to judge. The track record of the insurance adviser to each fund – ranging from established Lloyd's agents to US reinsurance companies – might offer some comfort. But the suspicion remains that the Lloyd's funds on offer this autumn will be almost as opaque as the insurance market itself.

German-US airline link

Continued from Page 1

largest US carrier after American Airlines.

With a fleet of 550 aircraft, United is also the biggest international US carrier, with a network serving 33 countries in five continents.

It has recently negotiated co-operation agreements with Emirates, the Dubai airline, and British Midland, the UK carrier, and has been actively expanding in Europe. It is the biggest US carrier serving London Heathrow airport after taking over the former Pan Am routes.

The Lufthansa-United deal is expected further to step up competition on North Atlantic services, as well as to accelerate efforts by Swissair, Scandinavian Airlines System, KLM and Austrian Airlines to merge their operations to form a "fourth force" in the European airline industry to compete against the big three – Lufthansa, BA and Air France.

Swissair said in a statement yesterday that the four airlines might sign an agreement in the next few weeks, although there were still difficulties on some issues, including a partnership with one or more US airlines.

Austrian also confirmed that it had not decided whether to opt for the four-airline partnership or to co-operate with Lufthansa, which has been actively courting the Austrian carrier.

Regulator backs funding of new London radio station

By Raymond Snoddy

BRITAIN'S Radio Authority has approved the finances of London News Radio, the consortium that has won both the broadcasting frequencies in the capital of LBC, even though the new venture has yet to put together a group of shareholders.

Question marks have arisen over the involvement in the venture by Hachette, the French media group, which was understood to have been a main backer when the franchise victory was announced last month.

At present the only significant shareholder is Mr Bruce Fireman, the Guinness Mahon merchant banker responsible for putting LNR's application together and who plans to become its managing director.

Mr Fireman is backed by a letter from Guinness Mahon guaranteeing the £4m needed to finance the new radio station.

LNR is due to displace LBC as London's main news and speech commercial radio station in 12 months. LBC had held the franchise for more than 20 years, but lost it mainly because it planned to continue simulcasting – broadcasting the same programme on both its frequencies at night. LNR won with plans for a complementary service of news on one frequency and a more conversational approach on the other.

The doubts over Hachette's involvement emerged yesterday with Mr Martin Brisac, managing director in charge of the international interests of Europe 1, the Hachette-controlled French station, saying his intention to invest had been subject to contract. He is understood to be unhappy with the business plan and is seeking more data.

It is believed that Guinness Mahon is no longer enthusiastic about Hachette as a shareholder and plans to place shares among institutional shareholders.

Dame Shirley Porter, chairman of LBC, said yesterday of the news that LNR does not yet have its shareholders in place: "I think that all LBC listeners will begin to question why there was ever a need to change."

Dame Shirley plans to continue to run LBC, which is in effect controlled by the Bank of Scotland, and use it as a launch pad to bid for the national commercial speech station in 1995.

It is clear that Dame Shirley, backed by extensive family interests based on holdings in the supermarket group Tesco, aims to make an aggressive bid for the franchise. The national franchise will go to the highest bidder.

In approving LNR's finances, the Radio Authority had to be satisfied that one month after awarding the franchise the promised funding was in place. The authority, which regulates UK commercial radio, has a written assurance from Guinness Mahon that the £4m is available.

The fact that no other shareholders have yet signed up is not seen as a factor.

Miners' privatisation bid set back as electricity partner pulls out

By David Lascelles, Resources Editor

THE Union of Democratic Mineworkers' efforts to form a consortium to bid for British Coal in next year's privatisation suffered an unexpected blow yesterday when one of its partners said it was no longer interested.

East Midlands Electricity said in a brief statement that "it is not a partner in any consortium intending to bid for any part of British Coal". It gave no reasons, but wished other members of the consortium success in their bid.

Later Mr John Harris, East Midlands' chairman, said his company had decided as long ago as the beginning of this year that it did not wish to be an investor in any bid for British Coal. "Perhaps we did not make our position clear enough at the time so we thought we should do so now," he added.

East Midlands chose to make its announcement only 24 hours after the UDM revealed that Jim Walter Resources, a US coal mining company, had joined the consortium, completing what was seen as a strong bidding trio.

Mr Harris said that this was not the reason for East Midlands leaving. "Our decision was made long ago. In fact, we helped the UDM find an international partner."

Mr Neil Greatrex, president of the UDM, said he was not unduly worried by the East Midlands announcement. It was his understanding that the company would continue to advise and assist the group in preparing a bid. Mr Bill Carr, the president of Jim Walter Resources, said he found East Midlands' announcement "a bit strange" but he intended to stay with the UDM.

Mr Greatrex would be visiting him in Alabama later this month to discuss the partnership in more detail.

Some observers speculated that the confusion had been caused by a boardroom split within East Midlands, with opponents of the consortium succeeding in overturning the original decision to join.

However Mr Harris denied this. "There is no split. This has been our consistent position," he said.

Like the UDM, East Midlands Electricity is based in Nottingham.

Thatcher

Continued from Page 1

Thatcher had "made it clear" she was not in favour of a leadership election, "anything else she wants to say pales into insignificance". The memoirs would be of "enormous historic significance", the official said. He was not sure if Mr Major would have time to read them.

But there is more to come. Lady Thatcher has promised to begin the second volume – on the day she gets back from her four-week promotional and signing tour for this one.

FT WORLD WEATHER

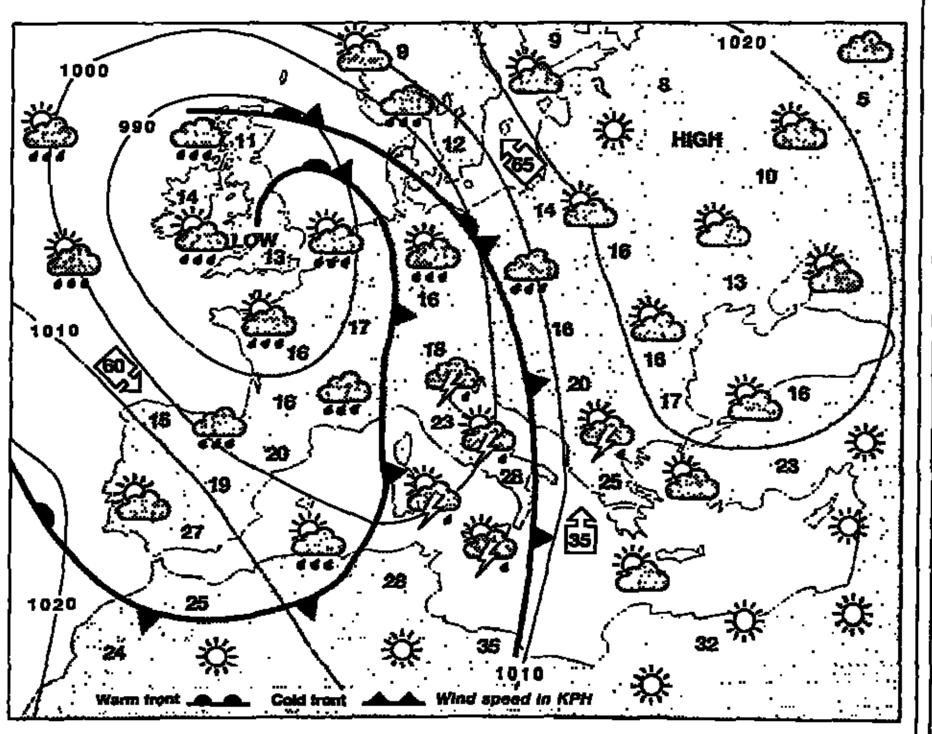
Europe today

Low pressure over western Europe will bring unsettled and cool conditions to most regions. The southern Alps and Italy will have violent thunder showers and areas of heavy rain which may produce some flooding. Later, rain and showers will spread to the western Balkans. Cool, unstable air will flow into Spain and Portugal. There will be strong to near gale north-westerly winds and showery rain in the northern regions. Readings will range from 14C in the north to 25C locally in the south. Pressure will remain high over the north-eastern CIS promoting dry and mainly sunny conditions in the Baltic states.

Northern Scandinavia will also enjoy sunny periods with afternoon readings around 10C. A frontal system will result in cloud and outbreaks of rain in southern areas of Scandinavia. South-easterly winds will be near gale force near the Baltic Sea Coast.

Five-day forecast

Low pressure will weaken over southern and central Europe. As a result, showers and areas of rain will move eastward on Monday. Sunny periods will develop boosting temperatures. Pressure will remain low from north-western Europe to Scandinavia, keeping conditions unsettled and cool.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	shower	13	Cardiff	rain	12	Frankfurt	shower	13	Malta	fair	28	Rio	shower	25
	Celsius		Belgrade	shower	25	Chicago	fair	9	Geneva	rain	12	Manchester	cloudy	13	Ryadh	sun	38
Abu Dhabi	fair	37	Berlin	rain	16	Cologne	fair	16	Gibraltar	fair	25	Manila	shower	32	Rome	thund	24
Accra	cloudy	30	Bermuda	fair	31	D' Salaam	fair	29	Glasgow	fair	14	Melbourne	rain	20	S. Frsco	fair	25
Algiers	fair	26	Bogota	fair	19	Dakar	fair	31	Hamburg	rain	14	Mexico City	shower	23	Seoul	fair	20
Amsterdam	shower	15	Bombay	cloudy	30	Dallas	fair	25	Helsinki	sun	9	Miami	fair	30	Singapore	cloudy	30
Athens	fair	25	Brussels	cloudy	16	Delhi	sun	34	Hong Kong	shower	26	Milan	thund	19	Stockholm	fair	10
B. Aires	drzzl	15	Budapest	fair	20	Dubai	fair	36	Honolulu	fair	30	Montreal	rain	15	Strasbourg	fair	13
B.ham	shower	13	C.hagen	cloudy	13	Dublin	cloudy	13	Istanbul	fair	20	Moscow	cloudy	8	Sydney	fair	25
Bangkok	thund	30	Cairo	sun	29	Dubrovnik	thund	22	Jersey	rain	11	Munich	rain	11	Tangier	fair	23
Barcelona	thund	21	Cape Town	fair	23	Edinburgh	rain	12	Karachi	fair	34	Nairobi	shower	28	Tel Aviv	sun	28
Beijing	drzzl	23	Caracas	fair	29	Faro	fair	23	Kuwait	sun	41	Naples	thund	24	Tokyo	shower	18
									L. Angeles	sun	26	Nassau	thund	31	Toronto	shower	11
									Las Palmas	fair	26	New York	cloudy	21	Tunis	thund	29
									Lima	fair	21	Nice	thund	20	Vancouver	sun	21
									Lisbon	shower	19	Nicosia	sun	32	Venice	thund	19
									London	shower	14	Oslo	drzzl	10	Vienna	shower	17
									Lux.bourg	cloudy	13	Paris	shower	16	Warsaw	cloudy	16
									Lyon	shower	16	Perth	fair	15	Washington	fair	23
									Madeira	shower	24	Prague	shower	18	Wellington	rain	12
									Madrid	shower	18	Rangoon	thund	33	Winnipeg	fair	7
									Majorca	thund	22	Reykjavik	cloudy	10	Zurich	cloudy	10

Weekend FT

SECTION II

Weekend October 2/October 3 1993

Massacre by Rio's police terrorists

Violence, corruption and economic decay are destroying the hopes of Brazil, a country blessed with natural wealth and a tradition of happy civic order, writes Christina Lamb

THE last Sunday of August should have been a great night for Brazil. Faced with the threat of not qualifying for the World Cup for the first time in its history, the team had finally produced the old magic in thrashing Bolivia by a glorious six goals to nil. Television commentators ridiculed a front page story in the previous day's *New York Times*, which prematurely declared Bolivia the new footballing champs of Latin America, and all over the country firecrackers exploded to mark the start of what promised to be night-long victory celebrations.

The makeshift bar at number 12, Rua Antonio Mendes, in Vigario Geral, one of the most violent favelas or slums in the northern suburbs of Rio de Janeiro, was no exception. Inside, seven men were toasting the team, their own hard lives as labourers, metal workers and stall holders temporarily forgotten amid the pride of being Brazilian and the warming, hunger-killing taste of pinga, the harsh local rum.

Just after midnight the door burst open. Masked men, apparently police, filled the room, demanding to see the identity cards which all Brazilian residents must carry. As the revellers fumbled through their pockets one of the hooded intruders lobbed a grenade into the small room. In the ensuing dust-and-smoke-filled Pandemonium they opened fire, killing all seven and spraying the room with so many bullets that the walls looked like firing ranges and the red metal chairs were left mangled.

The killers then crossed the street to a simple two-room house where a family of seven evangelicals were sleeping under a sampler, embroidered with the message "The Lord Blesses and Awaits You". With another burst of fire they slaughtered all seven, from the elderly grandmother clutching her bible to the young girl whose 16th birthday was the next day.

By I am they had claimed 21 victims: the largest massacre in a city where violence is so common that there is a tabloid, *O Povo*, dedicated to gruesome reportage about the previous night's butchering.

Next morning in Vigario Geral stump-like chords protruded from public phones, cut before the carnage began. Stunned locals were frightened to talk openly but all insisted on one thing – the men were military police, or PMs as they are known, apparently on a revenge attack for the murder of four of their rank while collecting their pay-off on a drug deal. As all 21 bullet-riddled corpses were laid out in metal drawers in the blistering midday sun, a woman began screaming "Killer PMs". Confirming police involvement, Kilo Batista, Deputy Governor of Rio state, said: "I've never seen anything so Dante-esque. It's as if the inner workings of the police were pervaded by a culture of extermination which comes out at night like a beast an the kill."

The Vigario Geral massacre was a rude shook to a country which has the motto "Order and Progress" stamped across its flag . Brazil has always taken pride in the fact that in spite of its diversity of creeds and colours, its continental size and unfair income distribution, it has remained a peaceful place, remarkably free of ethnic, religious, or regional tension. Unlike its more volatile neighbours, Brazil has never had a revolution or a serious guerrilla movement. Even its independence from Portugal was secured without bloodshed.

But a series of chilling incidents, often perpetrated by military police, is prompting many to ask whether the world's third most-populous democracy is beginning to tear itself apart. In the month before the Vigario Geral massacre, military police in Rio slaughtered eight homeless children sleeping at the door of a church, carried out an armed bank robbery and were exposed as running a stolen car racket in cahoots with the city's breakers yards. In the remote Amazonian north, 19 Yanomami Indians were murdered by machete-wielding gold miners and even in the sterile capital, Brasilia, a teenage boy was clubbed to death by a gang of youths. Antoninho Ventim, spokesman for the National Bishops Conference, says: "This series of cold-blooded assassinations shows that the avalanche of violence in this country has reached uncontrollable levels."

In some ways it is remarkable that this has not happened before. Sitting at an open bar in the Sunday market in Sao Cristovao in northern Rio is like watching a procession of every colour and creed on earth from Nordic blonde ice maidens through curvaceous Carmen Miranda-type mulattas to ebony African warriors.

Brazil offered great promise 'to immigrants, with its riches in natural resources and vast unexplored territory. Today it hosts the largest Japanese population outside Japan, large groups of Germans, Italians, Poles, Lithuanians, Dutch and Swedes. The vast rainforest is home to the world's largest Indian population. Brazil, the last country to abolish slavery, has a large number of descendants of African slaves.

Aside from its ethnic diversity Brazil also boasts one of the world's largest gaps between rich and poor – the World Bank puts it second only to Sierra Leone. The difference is most visible in Rio, where, in luxury apartments, the rich sip cocktails served by white-jacketed butlers and pick at food from groaning tables decorated with ice sculptures, overlooked by sprawling slums of shacks where black beans are the staple fare and there is often no clean water. Few countries in the world have so consistently governed for the rich at the expense of the poor, building cycle paths for the middle classes while the poor do not have sewage; pumping money into universities while primary schools are starved of resources; and allowing a third of its population to suffer malnutrition while consistently figuring in the world's top three agricultural exporters.

To an outside eye the place seems ripe for revolution. Yet, instead of protest, the visitor sees underfed faces smiling and laughing on the seafront, a crimson-lipped girl swaying her hips provocatively while a toothless old man strums a banjo, lilting music that is mellow rather than angry. Journalists who venture into the favelas find people rarely complain about their lot. Instead, writers must resort to superficial explanations about the beneficial effects of the weather, the beach and the pinga; or Portuguese passivity; or the informal economy which provides half of the city's employment.

But many of those living in Rio believe the situation is untenable.

The persistent failure of the government to provide for the poor has allowed drug dealers and *bicheiros* (who run illegal gambling) to move in as the main purveyors of social policy in the favelas, which have become no-go areas for the authorities. Crime is so high that law-abiding people live behind bars, public parks are locked behind iron railings, and no one stops at red traffic lights at night for fear of being attacked. CarlosRoxo, an executive with Aracruz, a large pulp and paper company, complains: "It's like living in a nightmare. The government doesn't control the police, the police don't control the bandits. We can't descend much further."

For the first time, many Brazilians are giving up on the self-styled land of the future and plotting escape. Those who have lost hope can be seen in the enormous queue for visas outside the US consulate in Rio. Consular officials estimate that between 2m and 3m Brazilians live in the US, most illegally. One says: "The frightening thing is that we are seeing the cream of society abandoning ship. We're signing visa forms for people we know are a real loss. Brazilians used to go the States to study and come back. Now they stay." The favourite destination is Miami where recent arrivals include Zozimo, Rio's leading gossip columnist and Pedro Collor, brother of the ousted President.

In the Museum of Japanese Immigration in Sao Paulo is displayed a letter written by the first arrivals at the turn of the century, raving about the riches and peaceful living that Brazil offered. Today the Japanese consulate in Sao Paulo is packed with nissei or Japanesedescendants, returning to their homeland, citing the same reasons.

Many of those without the

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CONTENTS

The Long View/**Barry Riley**

Wayward watchdogs

CAN British investors and pensioners sleep more soundly in the knowledge that the regulators are protecting them ever more securely? Investors may have read about Thursday's recommendations of the Goode Committee, the group of experts set up to advise the government on how to avoid a repetition of the Maxwell corporate pensions disaster. They may not have noticed, however, the more obscure manoeuvrings at the Personal Investments Authority.

This is a new (indeed, still only half-formed) body which by the middle of next year is supposed to be taking over the protection role for non-deposit retail investment – embracing various kinds of packaged investments ranging from unit trusts to personal pensions and life assurance. The sudden departure of its chairman, Sir Gordon Downey, last week and the installation of Joe Palmer, a former Legal & General boss, as his successor was an indication of serious strains.

In political terms, investment regulation in the UK tends to be a game of pass the parcel. On the one side the politicians are desperate to avoid scandals, and bailouts financed out of the public exchequer, but are reluctant to take responsibility for problems they do not understand. They are also unwilling to pay the costs of regulation. So they shuffle the problem over to investment practitioners who organise themselves into self-regulatory bodies but often fail to deliver the hoped-for degree of investor protection. Back goes the parcel.

The only factor that promises an end to this unsatisfactory stalemate is the growth of an entirely new class of professional regulator. Once the job was usually done by civil servants, who regarded it as a posting to the section of *living death*. Now, enjoying several times the pay rates, new bureaucrats have appeared who are not forever itching to be transferred to something more exciting, like company registration.

Significantly, the Goode Committee has opted for a statutory regulator for occupational pensions. There is no hint that a body of pensions self-regulators should be established (though the regulator is to be advised by a committee of experts). Moreover it is suggested that the regulator should be paid for by the government (although what the government will have to say about this remains to be seen). I wonder whether this recommendation of a statutory regulator may reflect the general shift of opinion away from self-regulation that has taken place over the past ten years or so, since the Financial Services Act 1986 was being developed.

For investment generally, however, the argument is not an either/or one about whether there should be statutory regulation or self-regulation, but a judgmental one about where the dividing line should be drawn. Self-regulation works where a fairly small and *coherent group of practitioners can see* a trade-off between the public interest and its own business interests. The old Stock Exchange worked like this, as a kind of club, but it could not cope with the arrival of big international banks as members along with the City gents and country brokers. Self-regulation can also succeed where the customers are as professional and well-organised as the practitioners and can therefore look out for themselves. Some pretty dirty things go on in the Eurobond market but it is regarded as part of the game.

Self-regulation *cannot* work where large and conflicting groups of practitioners are dealing with an ignorant and vulnerable (and too often greedy) public. Unfortunately this is a precise description of the PIA. It is more than a year since the plan to replace several other regulators such as Lautro and Fimbra with the PIA was announced (it was originally supposed to have started operations in July this year). Sir Gordon Downey's departure is widely presumed to reflect the dissatisfaction of the Treasury and its senior investor protection agency, the Securities and Investments Board, with the slow progress. Palmer, a director of the SIB until he joined the PIA, is presumed to have taken the role of agent of Andrew Large, the SIB chairman.

As recently as last May, Andrew Large spelled out, in a special report to his bosses at the Treasury, why a two-tier system of regulation must be made to work, with the SIB supervising the various regulators but not running them in a hands-on way. The strong suspicion has persisted, however, that the main reason for persevering with the two-tier approach lay in the Treasury's unwillingness to update the underlying legislation in the Financial Services Act. Now we see the practical difficulties persisting at the PIA, which has emerged as the SIB's chosen instrument for the next stage of regulatory development. If the SIB is being forced to manipulate the board of the PIA (and the chairmanship switch comes after a still unresolved row over the size and constitution of the board) then self-regulation must largely be a sham.

Now the financial intermediaries, banks and insurance companies that make up the potential membership of the PIA are being told by the Treasury to get on with the formation process (over which they have at least *some* degree of control) or face some kind of alternative regulatory body which might be rather nasty to them. Quite a few practitioners, though, are wondering whether the official bluff should be called. The parcel has not yet stopped moving to and fro.

In opting for investor protection through self-regulators in the 1980s the government chose a soft option. If it worked, well and good. If it did not, the failure could be made to look like the fault of the practitioners. But investors have not been well served by this approach. False starts have delayed the process of forming the right institutions and building the necessary expertise within them. Perhaps it was unrealistic to think it could be done within much less than 10 years, anyway.

So if you wake in the middle of the night, you should worry just a little.

London

Will the jolly Green Giant earn his corn?

By Maggie Urry

FORGET the rest of the news. Grand Metropolitan has been hogging the headlines this week.

A carefully orchestrated public relations blitz has had the drinks, food and retailing group making announcements almost daily since the appointment at the end of last week of George Bull as chief executive.

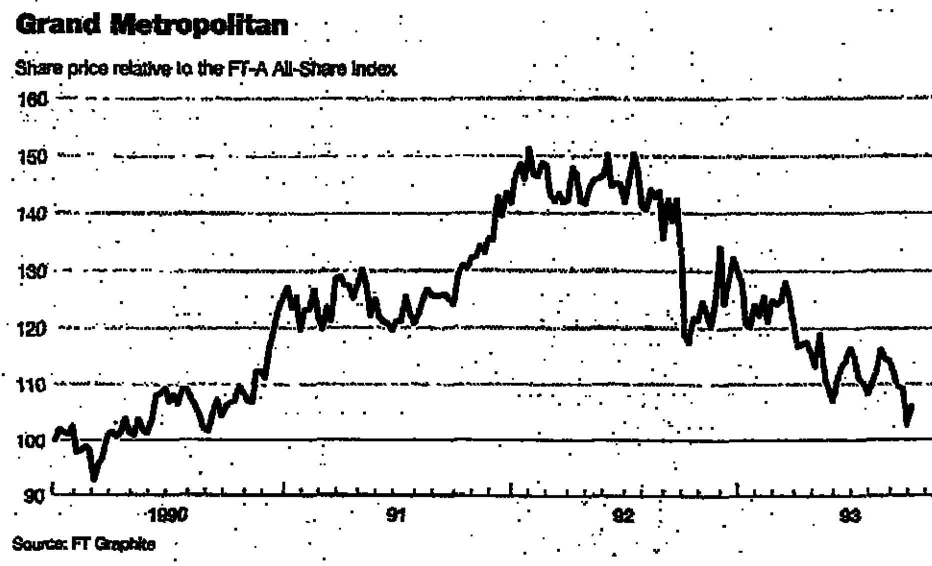
It is an unfortunate name, conjuring up bulls at gates or bulls in china shops. But shareholders might hope it is an omen for the shares which, a glance at the chart will show, have been on a bear tack for some time.

Sir Allen Sheppard, GrandMet's chairman, must have waved a red rag at his new chief executive over the weekend setting off a week of hyperactivity. On Monday morning Bull sorted out the "jolly" Green Giant vegetable business, where the ho-ho-hoes have been distinctly lacking, and the Pearle Vision opticians business, which with hindsight was not a great buy. With a few other bits and pieces, the restructuring has brought a £175m provision with it.

By Wednesday, Bull had sold the Chef & Brewer chain of 1,654 pubs, reaping £830m according to GrandMet – Scottish & Newcastle which is buying the pubs says it is paying £622m – and bought Glen Ellen wines in the US. On Thursday he bought a half share in a Scottish distiller valued at £84m.

So perhaps GrandMet is getting to grips with its problems and pursuing its strategy of becoming an international branded business in food, drinks and retailing. The share price has moved the right way over the week, after falling 14½p on the day Bull's appointment was announced to 393p. It closed the week at 416p.

The financing of S&N's purchase of the pubs was partly through a £405m one-for-four rights issue, but also involved Morgan Grenfell, a blue-blooded merchant bank, becoming a sizeable pub landlord prompting a vision of sober-suited bankers rolling up their sleeves, pulling pints, and calling "time, gentlemen, please".



Source: FT Graphite

Rights issues have been another theme of the week, with Costain calling for £84m – more than its own market value – through a hefty five-for-four issue to repair a balance sheet tottering under the weight of debt.

Meanwhile, Takare asked for £68m through a two-for-five issue so that it could speed up its expansion in the nursing home sector. Adwest, the automotive components group, asked shareholders for £22.2m to pay for acquisitions which it has yet to tie up.

Rolls Royce's recent £307m rights issue was 87 per cent taken up this week, and the balance quickly sold.

Takare chairman, Keith Bradshaw, may have given the game away saying that while the company did not need a rights issue, his advisers, SG Warburg, had rung him and suggested now would be a good time to have one.

The fees involved in Takare's issue alone run to around £1¾m, which explains why merchant banks shares have been some of the strongest performers this year.

Clearly there is good demand for new equity at present. The sale of a 54.8 per cent stake in Mirror Group Newspapers was achieved apparently painlessly at a price of 170p. It raised £373m gross – or £358m, after £15m of expenses – more fees for the City. Mercury Asset Management emerged on Friday as a buyer of a 16.3 per cent stake, taking its share in the supposedly left-of-centre newspaper to over 20 per cent.

While the flood of rights issues shows no sign of abating, the stream of flotations is also continuing. Flotations have raised far less money this year than rights issues. According to Stock Exchange figures, in the first half of the year new companies joining the market raised £1.78bn, with the average newcomer to the market taking £28m, while rights issues collected £7.08bn.

One must wonder about the quality of some of the smaller companies coming to market. However, none has matched for oddity one business seeking £300,000 of start up capital under the Business Expansion Scheme – Small Room Media.

It plans to develop a new method for advertisers to reach an audience – through public conveniences. You can imagine the poster. "Now wash your hands with Imperial Leather". As the prospectus says, it is a great way to target advertising to gender.

This week some larger names joined the list of forthcoming floats, adding to the likes of Allders, the department store and duty free retailer, which is expected to be worth £150m. Coming soon will be Gartmore, the fund management group, likely to be valued at up to £300m, and DFS Furniture, a retailer of furniture, whose executive chairman Graham Kirkham hopes to raise £100m by selling half the shares he and his family own exclusively.

In spite of the calls on investors money, the end of the third quarter, and of the stock-market account, the Footsie has shown continued resilience this week, rising 34.1 points to 3039.3. Talk of interest rate cuts early in the week are probably premature. The Conservative Party has surely broken free from the knee jerk of cutting rates every time it has a conference.

The first November budget has been weighing on the market's mind though. If a rate cut is to come it may be used to mitigate the inflationary effects of raising more tax from VAT, a prospect which now seems certain. With the oil price firming on the new OPEC production limiting deal, inflation is set to pick up sharply in the coming months.

That must be bad news for bonds, especially if it means we are close to the bottom of the interest rate cycle. But that need not be so bad for equities. As recession turns to recovery, corporate earnings will rise and the usual pattern in the markets is for equities to run ahead of bonds. The great bull market is not dead yet.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3039.3	+34.1	3100.6	2737.6	Tensions ease in Russia
Atlas Converting Equ	533	-147	687½	528	Profits slide
BAT Inds	462	-15	507	407	Profits downgrade, US selling
British Steel	126	+6½	130	54	Profit upgrades
Enterprise Oil	470	+38	521	397	OPEC agreement/recommendations
Fenner	100	+13	100	53	In disposal talks
GKN	462	-18	513	434	Further downgradings
Granada	451	+18	456	341	Bullish company presentations
Grand Metropolitan	416	+23	480	383	Sale of Chef & Brewer
Hazlewood Foods	171	-12	203	147	Broker downgrades
Redland	557	+24	575	402	Profits up 22%
Royal Bk Scotland	336	+29	336	207	Talk of Direct Line sale
Severn Trent	531	-22	564	439	Chairman leaving/dull sector
Siebe	536	+17	561	427	Reorganisation of businesses
Whitbread A	520	-11	559	435	Bid for Harvester rumoured

Serious Money

What it means to be the best

By Scheherazade Daneshkhu

Hold thou the good: define it well:
For fear divine Philosophy
Should push beyond her mark, and be
Procuress to the Lords of Hell
– Tennyson, *In Memoriam*

DEFINING an absolute is not simple and financial services regulators have not found it easy to say what they mean by the superlative "best" in the context of giving good financial advice.

The Financial Services Act, implemented in 1988, ushered in a system designed to give investors increased protection. One of its requirements was that financial advisers should give "best" advice to their clients. The reason why investors need such protection is because their advisers are not advisers at all but salesmen paid by commission.

Independent financial advisers earn commission from sales of life office or investment house products – unless they are fee-charging advisers – while tied agents earn their commission from the single life company they represent.

Best advice was meant to protect investors against being sold products which simply brought in the largest amount of commission for the "adviser" at the expense of the needs of the client. The term does not appear in the Financial Services Act or in the Core Conduct of Business Rules issued by the Securities and Investments Board, the chief regulator. Instead they refer to giving "suitable" advice.

Although giving a client best advice would seem simple defining it has been such a problem that the word "best" was abandoned by Fimbra, the self-regulatory body for IFAs in February. Its Guidelines on Best Advice were replaced by guidelines called Giving Investment Advice.

IFAs complained that in the world of packaged products there is no superlative, no "best" product. The unit trust with the best performance today might be at the bottom of the tables next month.

But equating best advice with best product has been at the heart of the problem of abuse, particularly with tied agents. Many have conveniently taken best advice to mean selling the most suitable product that the life company to which they are tied, has. No matter that this product might not have a good performance record. No matter that the life company might not have a suitable product in its range at all – the agent may sell the closest thing to it.

It is worrying to think that regulators could have allowed this concept of best advice to go on for as long as it has. Examples of these abuses were provided by the Life Assurance and Unit Trust Regulatory Organisation. This week Lautro issued a guide for sales agents spelling out their duty to recommend a product only if it is suitable to a client's circumstances. Lautro has found it easier to define what is suitable in the negative. Its list of examples of cases where suitable advice was not given makes depressing reading.

In one case, a 21-year-old chef in the Royal Navy, who had life cover through his work, expressed a desire to accumulate savings. Without asking him when he wanted the savings, the agent sold him a whole-of-life policy. Another young man in temporary employment was sold a long-term savings plan even though he would be unlikely to maintain payments and had not indicated a desire to save for a long period.

A couple with a young child wanted to save to pay for the child's education. They were sold a whole-of-life plan on the grounds that this could be used for education in the child's later life. The couple complained pointing out they wanted to fund the child's primary education fees. "It was noted that there was a question of affordability even for the purpose of funding secondary education but considered in any event that the whole of life policy was not a reasonable solution for the intended needs," said Lautro.

In another case, a couple who had taken out a five-year interest-free loan wanted to be in a position to pay it off when it fell due. They were sold a 10-year savings policy as the most suitable product on the grounds that the life company did not have a five-year plan.

In its guidelines, Lautro says that its Monitoring Committee "does not regard suitability as synonymous with the closest match." If the life office does not have a product suitable for the clients need, "it should not, of course, be recommended to the investor."

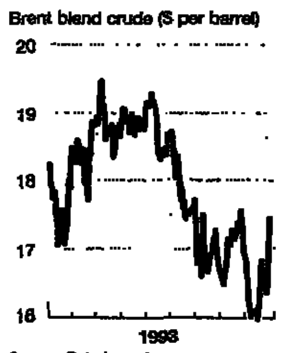
By defining more narrowly the kind of products which can be recommended in certain circumstances, the Lautro guidelines are welcome but they also highlight worryingly widespread evidence of abuse. It will now be up to Lautro to enforce with vigour what it has overlooked for so long.

Those most likely to sell the least suitable products are agents tied to companies which do not have a wide variety of products. Most people who go to a tied agent – eight out of the 10 largest building societies are tied agents – are unlikely to know whether the life company the agent represents has a wide or narrow product range. The assurance by Lautro that it will look "particularly closely at queries about best advice which arise in the context of such members" provides scant comfort.

Consumers should be aware of the risks of going to a tied agent for financial "advice" and should continue to demand that regulators ensure the availability of the seemingly impossible – best advice.

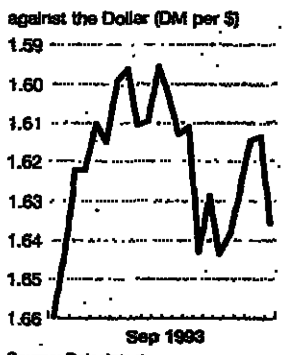
AT A GLANCE

Oil price



Source: Petroleum Argus

D-Mark



Source: Datastream

OPEC agrees to push oil prices up

AFTER five days of talks in Geneva, the 12 members of the Organisation of Petroleum Exporting Countries reached agreement on an accord which will cut output to raise prices.

The plan, covering the six months from October to March, aims to halt the sharp fall in oil prices and bring them closer to the OPEC target of $21 a barrel. The agreement led to an immediate jump in oil prices, but by Friday they were slipping slightly on speculation that the embargo on Iraqi oil exports could be lifted earlier than expected.

Dollar waxes against D-Mark

THE US dollar strengthened against the D-Mark this week, after being lifted by positive US economic data on Thursday, but it fell back a little on Friday after further statistics which were not as good as expected. Worries over the political situation in Moscow had depressed the D-Mark, although in the middle of the week economic concerns took over.

Emerging over the long term

EMERGING markets in Latin America, Asia and Europe have underperformed major markets over the past one and five years, but emerging markets funds have done better than developed markets funds, according to a report on global emerging markets by Fund Research. Emerging funds grew by an average of 214.3 per cent over five years, compared to 40.3 per cent for developed markets funds.

Fund Research attributes this success to lower portfolio turnover ratios and the longer term views of managers in this sector. "Emerging markets fund managers, almost without exception, adopt a consistent, long term approach in what they recognise are volatile markets," Fund Research says.

Latest fixed-rate mortgages

NEW fixed-rate mortgage offers this week include two stepped packages for first time buyers. Barclays is offering first time buyers a choice between 6.5 per cent fixed until 31 January 1995, then 7.5 per cent (APR 7.7) until 31 January 1998, or 5.99 per cent to 31 October 1994 then 6.99 per cent (APR 7.2) to 31 October 1996. Borrowers have to buy life insurance, an endowment policy or a pension to quality.

The Britannia building society is offering first time buyers with a 10 per cent deposit a rate of 5.4 per cent (APR 8.1) until 1 December 1994, rising to 6.85 per cent (APR 8.1) for a further year.

A guide to leasehold changes

THE Department of the Environment has published a booklet on the new system of leasehold enfranchisement, which comes into effect on November 1. Owners of long leaseholds on flats will have the right collectively to buy the freehold of their building, or individually to extend their leases, if they and their flats meet certain conditions. The booklet, "Leasehold Flats", guides leaseholders through the regulations and procedures involved, and is available free from the department on 071-276-0900.

Smaller companies hold steady

Shares in smaller companies made little progress this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.4 per cent from 1573.55 to 1580.17 over the week.

Wall Street

A Blockbuster of Paramount importance

BOND YIELDS may be rising again, economic growth is still spotty, and concern about the coming quarterly reporting season is growing – but US share prices have been more than holding their own.

If anyone needs to know why market sentiment has remained so robust, Wednesday's release of the latest mutual fund sales figures provided a good part of the answer. According to the Investment Company Institute, a record $12.1bn of investors' money flowed into stock mutual funds in August.

The numbers are quite startling. Not only was the August figure up 24 per cent from the $9.7bn stock fund inflows recorded in July but, over the first eight months of this year, stock funds have attracted a record $82bn of new money. This is already more than the $78bn recorded in all of 1992, itself a record year.

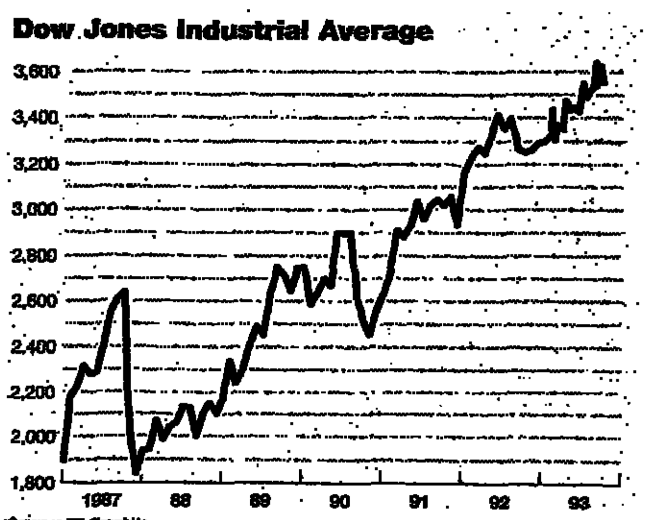
It has been said many times in the past couple of years, but it is worth saying again: the flow of investors' money into the equity markets is unprecedented, in both size and consistency, and it has been the most important factor behind the present, and very long, bull market.

The impact upon share prices of the heavy buying of equity funds would have been even more pronounced but for the fact that there has been an equally unprecedented supply of new stock to meet the demand from individual investors.

This week, the latest equity issuance figures were released by Securities Data, the New Jersey-based financial information group. They showed that US, and a growing number of foreign, companies have been raising capital by issuing new equity in record amounts this year.

In the first three quarters of this year, 539 companies made their debut on the equity markets; they raised a total of $40bn, already more than in all of 1992. The past three months have been particularly busy, with $13.4bn raised through initial public offerings, or IPOs (flotations), more than half the $24.4bn raised through all stock issues.

It is not difficult to discover why investors' appetite for IPOs is so strong. US share prices have been at, or near, record levels for most of the year but, more importantly, the performance of IPOs has been spectacular.



Source: FT Graphite

According to Securities Data, the average IPO stock gained 28.7 per cent in price between the date of issue and the end of September. With short-term money market funds returning not much more than 3 per cent, and bond funds between 5 per cent and 7 per cent, no wonder investors are scrambling to buy into new stock issues.

This week's deluge of data, however, did not carry an entirely positive message for US stock markets.

The fund sales figures showed that more and more investors are buying into foreign equity funds. Moreover, analysts who track fund flows say that much of the money going into foreign funds is coming straight out of domestic stock funds.

Of the $12.1bn that went into all stock funds in August, $6.64bn, or just 55 per cent, went into funds that invest only in US stocks. The rest of that money departed overseas as investors, believing US equities to be too costly and possibly fearing an imminent correction in US markets, went in search of cheaper, more attractive foreign stocks.

Fund managers in New York, Boston, and across the US say that their customers' interest in stocks has been overwhelmingly biased towards foreign markets over the past few recent months. Yet, as long as interest rates remain low and keep luring investors out of low-yielding money market funds and bank certificates of deposit, the flows overseas are not overly worrying.

Wall Street, however, will begin to sweat if interest rates (which rose above 6 per cent at the long end of the bond market this week) start heading upward, and investors continue to find foreign equities more attractive than the home-grown variety.

At least the battle for control over Paramount Communications, the entertainment group, is providing the domestic markets with something to get excited about. The contest between Viacom and QVC heated up this week when Blockbuster Entertainment announced it was investing $600m in Viacom in a deal that should allow Viacom to increase its agreed offer to Paramount, which is at present lower than QVC's rival bid. Viacom is also rumoured to be close to securing additional funds from several other companies.

Foreign markets may look more attractive to US investors at the moment but they cannot possibly offer a bid war as exciting and intriguing as the fight for Paramount, which is far from over. Watch this space.

Patrick Harverson

Monday	3567.70	+ 24.59
Tuesday	3566.02	– 1.68
Wednesday	3566.30	+ 0.28
Thursday	3555.12	– 11.18
Friday		

The Bottom line

Cheer for RMC and Redland

GERMAN manufacturing industry may be in the midst of the worst recession since the end of the second world war, but the news for shareholders in some of Britain's biggest building materials groups remains positive.

Both RMC, Europe's biggest concrete and cement producer, and Redland, Europe's biggest roof tile maker, reported strong first-half results from German operations, buoyed by the strength of the housing market in east Germany in particular.

Redland, which reported a 22 per cent increase in pre-tax profits to £108m earlier this week, has a 51 per cent stake in Braas, Germany's biggest roof tile manufacturer.

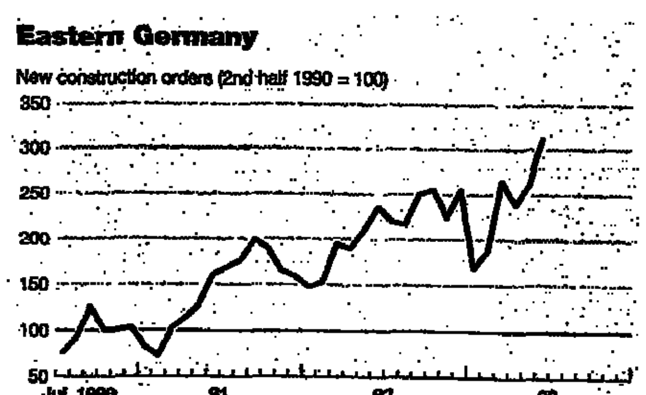
Operating profits from German operations rose to £56.2m from £41.1m a year earlier and represented over 46 per cent of total operating profits.

Robert Napier, Redland's chief executive, argues that the German roofing market has been "de-coupled" from the rest of the economy thanks to immigration, higher household formation and growth in housing activity in east Germany - including repair of existing housing stocks which are generally in poor condition.

Napier backed his optimistic outlook with figures showing an 18 per cent increase in residential building permits during the first-half which, given that some are for apartment blocks with flat roofs, should convert to a 9 per cent increase in second-half pitched-roof housebuilding.

The figures do not fully reflect the sharp increase in building activity in the east where residential single and two-family building permits grew by 208 per cent in the first half and multi-family permits jumped by 359 per cent – allbeit from a low base.

This east German weighting is particularly important to RMC Group which is half-way through a £500m investment programme in its east German cement operations.



Source: Deutsche Bundesbank

In the first-half, RMC's German operations contributed operating profits of £50.4m (£40.5m) on sales of £654.6m and helped offset declines elsewhere in Europe, particularly in France and Spain.

Although the cost of RMC's Berlin investments were reflected in higher net interest charges of £23.2m (£18.5m), the group also benefits from tax breaks for investing in the east which are not fully reflected in its reported 26 per cent tax charge.

The tax breaks flow from the merger of the group's east and west German operations in April which enabled RMC to take advantage of substantial German tax reliefs and incentives available on current and future investment in eastern Germany.

But not all UK building materials companies stand to gain from the east German construction surge. As NatWest Securities analysts noted, although the radiator market in Germany is stable, the boiler market was down by over 10 per cent in the first half affecting Blue Circle's Celsius operations.

Other companies, such as Pilkington, straddle the two halves of the German economy – construction and manufacturing. Pilkington's Flachglas subsidiary has managed to defend its leading position in the architectural glass market, but profits from automotive glass sold into the deeply depressed German motor industry have fallen.

There are also some doubts among analysts about how sustainable the boom in German construction will be. For example Mike Betts, of Goldman Sachs, is forecasting that Redland's profits from Germany will peak at £150m this year and could fall to £96m in 1997, £76m from west Germany and £20m from the east.

Betts argues that the "normal" relationship between interest rates and the housing market does not seem to apply in Germany and that therefore the eventual reduction in German interest rates would be bad news for the German housing market.

By that stage most companies are hoping for a rebound in UK profits from their cyclical lows. In the interim those building materials companies like RMC and Redland which have invested in building up a strong market position in Germany still look like they have backed a winner.

Paul Taylor

Pension law: are the reforms Goode enough?

***Scheherazade Daneshkhu** and **Debbie Harrison** consider its implications*

ROBERT MAXWELL's theft of £400m from the Mirror Group pension schemes raised serious questions about the ownership and safety of pension funds.

The government-appointed committee, headed by Professor Roy Goode of Oxford University, to investigate the legal framework for occupational pensions, made its recommendations public on Thursday. A bill may be introduced in the 1994-95 parliamentary session.

If you are in an occupational scheme, how would Goode's recommendations affect the security of your pension? Much depends on how much meat is put on the bones of the proposals.

■ **Pensions Regulator**
"The root of the problem is that there is no comprehensive legal framework governing occupational pensions," according to the report.

At present pension schemes are based on trust law which is complex and ill-defined. Goode proposes to strengthen trust law with a Pensions Act to protect the scheme member's "pensions promise", namely that rights will accrue the longer the employee contributes to the scheme, that these accrued rights will be protected and that the benefits will be provided.

The rights enshrined in the Act will override a scheme's trust deeds. The trustee's role is to act solely in the best interests of members and beneficiaries.

If the trustee or one of the professionals the trustee appoints – auditor, actuary, legal adviser or fund manager – is found in breach of the new rules, they could be punished under criminal law. A Pensions Regulator would be appointed to see that the law is implemented and to draw up a code of conduct for trustees.

Alan MacDougall, managing-director of Pensions and Investment Research Consultants, says much depends on what the code contains.

"We need to know what power and resources will be given to the regulator to know if he will be able to do the job properly or if he will be a toothless tiger."

■ **Compensation scheme**
The report recommends that those deprived of pension rights should be entitled to compensation but only in cases of fraud, theft and other misappropriation. Compensation would be capped at 90 per cent of the value of misappropriated assets.

The scheme will be funded by a levy on all schemes after a disaster. But there is uncertainty about the ability of members to prove theft or fraud. Robin Ellison, partner with pensions solicitors Ellison Westhorp, says: "Members need more protection than this. Even now a case for fraud has not been proved against Maxwell."

■ **Member representation.** It should not be the sole right of employers to appoint trustees, nor should they be able to veto any trustee selected by scheme members. Goode proposes that, for earnings-related schemes, at least one third of the board should be members and for money-purchase schemes, active members should be entitled to appoint at least two thirds of the trustee board.

However, Alan MacDougall, says that since there will be majority voting, the member trustees will always be in a minority. Unfortunately, the member representation proposals do not apply to small schemes – schemes with no more than 50 active members and pensioners. It is often in schemes of this size that problems arise.

■ **More powers to Ombudsman**
The Pensions Ombudsman, who arbitrates in disputes, and the Occupational Pensions Advisory Service, which deals with queries and complaints from the public and acts as a screening mechanism for the Ombudsman, are to have their powers extended.

The report also recommends an extension to existing dispute channels by introducing internal procedures to settle disagreements between members and the scheme.

Alan Pickering, pensions consultant with actuarial consultants Watsons, said: "The internal dispute procedure is a welcome improvement and puts pension benefits on a par with pay – which of course already can be negotiated and resolved through the appropriate internal channels.

"A logical extension to this is the addition of paid conciliation officers at OPAS who can intervene before it is necessary to incur expensive litigation. In the more complex cases, the Pensions Ombudsman would have power to take the lead in an investigation and would be encouraged to name names – a much more effective deterrent than the current system which only allows the publication of anonymous case studies."

However, Ellison said: "It would be far better to have a tribunal rather than a single ombudsman. A tribunal would provide a balanced investigation whereas under the proposed system too much power would rest with one individual."

■ **Minimum solvency requirement**
Schemes should have enough money to meet their obligations to scheme members. The report introduces an important minimum funding requirement for all schemes so that they would be able to fulfil all liabilities if they were to be wound up.

A margin is allowed and a scheme will only be in violation of its obligation if assets fall below 90 per cent of the proposed level.

If a shortfall of less than 10 per cent is discovered, the employer will have three months to make it good. Two weeks after that the trustees must tell scheme members if a shortfall remains, and try to recover the money from the employer. The regulator may also take steps to force the employer to make the necessary payment.

The trustees, the scheme actuary and auditor would issue an annual certificate of solvency and report shortfalls in funding to the Regulator.

Some experts believe that these solvency margins are too low. Moreover unapproved arrangements, such as funded unapproved retirement benefits for employees affected by the earnings cap, would not be subject to these new rules.

■ **Pension fund surplus**
The report does not recommend imposing restrictions on an employer's ability to use a pension-fund surplus to finance a contributions holiday provided the fund meets the solvency standard.

A big disappointment is that the report does not force employers to fully inflation-link pensions before ceasing contributions.

■ **Winding up**
When a scheme is closed the winding up process can take several years because of the difficulty in tracing or redeeming assets. Many scheme members have complained to OPAS about these delays in receiving pensions or transfers.

The report recommends that trustees should make interim awards to avoid these cases of hardship and to settle any balance of payments once all the assets have been recovered.

■ **Employer contribution checks**
Some employers fail to pay their agreed contributions and sometimes checks are not made until the company has gone into liquidation.

Under a money purchase scheme – where the pension depends on investment returns and is not linked to final salary – the report recommends that trustees should set a time limit for the payment of contributions by both the employer and employee and that they ensure this requirement is met.

Where a contribution is three months overdue the trustees would inform scheme members. After six months' delay the regulator would be called in.

The ability of the proposals to protect scheme members hinges on the competence of the trustees to implement and monitor the new controls. Many experts believe that a big drawback of the recommendations is that trustees are being given enhanced responsibilities and while they offer enthusiasm, they often have little financial expertise.

Richard Malone, of Sedgwick Noble Lowndes, pensions consultants, said: "There is nothing here to stop another Maxwell-type situation in its tracks. What would have helped would have been to require trustee training and the appointment of a professional trustee. All that's happened is a recommendation to increase the number of amateur trustees on the Board – a situation Robert Maxwell would have welcomed."

Nevertheless, a framework has been proposed that should prevent the majority of pension scheme abuses. Much depends on the scope of the Pensions Act and the strength of the Regulator.

GIVING INFORMATION TO MEMBERS

THE REPORT stresses that providing information to members is important in the smooth running of the pension scheme. Clearly, members must understand the benefits to which they are entitled and must be told of any changes. Access to information can also help members to investigate the financial security of their scheme and to judge if is is being run completely.

Despite improvements in the past few years, the committee found evidence to suggest that the sheer volume of information sent to members, much of which is gibberish to most people, simply defeats the purpose. The report suggests that the following basic information "should be set out in a simple format and in plain English and should be given to each employee before joining the scheme and be available throughout scheme membership":

- A statement of whether the scheme is registered with the regulator and its registration number.
- A full statement of the nature of the pension promise detailing contributions payable, scheme benefits, and how these benefits are secured. (The report also suggests that these rights should be enshrined in the employment contract).
- A statement of the scheme's past policy with respect to pension increases, which should be contained in the annual report.
- Details of trustee arrangements.
- A general statement of the powers to make scheme amendments; the use of surpluses; the application of funds in the event of wind-up; and the steps to be taken if the scheme has a deficiency.
- A statement of the member's rights to further information and how this can be obtained.

In addition, all active members and pensioners should be sent automatically an annual statement, in plain English, showing both their individual benefits and key information about the scheme including its solvency level, the basic distribution of assets, and fund movements.

The annual report and accounts should also be written in accessible language and made available at any time to members.

FINANCE AND THE FAMILY

Let's hear it for Sir Sid

***Andrew Jack** examines proposals for a new way to invest at Lloyd's*

THE bandwagon of corporate capital for the Lloyd's of London insurance market has begun to roll. Those brave enough to wade into controversial waters may soon have an innovative new way to invest. Tentative proposals have been announced for at least 16 corporate capital vehicles (CCVs). More detailed information is now beginning to circulate, and indicates a number of significant differences between the products on offer.

Traditionally, investment in Lloyd's has come from the individual Names (people who pledge their personal assets against the underwriting business written by syndicates on the market). The problem has always been that Names have unlimited liability. If the syndicates lose money, Names are required to pay up – not just to the value of the capital they pledged initially but *pro rata* to the total value of the loss.

As a result, many people have become insolvent in the past few years, particularly those in syndicates forced to pay out for natural disasters and environmental clean-ups.

The CCVs now being proposed waive the unlimited liability risks. The idea was mooted in the Lloyd's business plan, put forward in April as a way to complement the traditional unlimited liability business of Names. Corporate capital funds would be required to pay out losses only up to the total amount they pledged.

On the other hand, the traditional advantage of membership of Lloyd's remains: that the individual's assets can be used twice, pledged to the insurance market in the event of losses but, at the same time, available to invest elsewhere.

Many of the CCVs are geared around investment from financial institutions and will not be available easily to individual investors – except to those who have large sums managed directly by investment houses. But others are being targeted, at least partly, at individuals. As the adviser to one fund says (referring to the mythical investor in the British Gas privatisation): "We are not looking for Sid but, maybe, for Sir Sidney."

The CCVs include the CLM Insurance Fund (advised by Barclays de Zoete Wedd) and CLM Advisers, part of Sedgwick, which aims to raise about one-quarter of its funding from individuals; and the Premium Underwriting and Premium Trust planned by Noble & Co. with Martin Currie and Wellington, which wants to raise about 30 per cent of its £30m from individuals. Private investors are also to be encouraged towards Syndicate Capital Trust, being launched by Raphael Zorn Hemsley with Insurance Analysis and John Govett; and to a fund-of-funds from Johnson Fry. Details of several others are still to emerge.

Potential investors need to consider several elements in making a choice. The structure of the funds varies between conventional investment trusts, funds-of-funds, and the split capital arrangement proposed by Noble. The choice of advisers varies, too, with some tied to a particular members' agent and the syndicates it favours and others opting for independent advisers.

Investment strategies also vary widely in terms of the number of syndicates chosen and the nature of the business they write, and the ratio of capital pledged to total underwriting capacity.

Lloyd's, meanwhile, has proposed a number of safeguards to reduce the risk of large losses. These range through new regulatory requirements covering the whole market to specific measures aimed at the corporate funds, such as a conservative maximum ratio of 2:1 of underwriting capacity to capital pledged. It also requires all the corporate funds to work with professional advisers with knowledge of the market.

The arguments for investing in Lloyd's now include the new opportunities for investment at a time when premiums are rising in response to the poor results in the past few years.

A number of uncertainties remain. Most importantly, Names still have to approve the introduction of corporate capital. Many – particularly among the loss-making dissidents – have concerns about corporate capital and how it will change their own role in the market. Dissenters were defeated at an extraordinary general meeting they held in July which ratified the idea of corporate capital. But, in an attempt to pre-empt further objections, Lloyd's itself has called another for October 20. No final approvals for funds can be given until after then.

The stock exchange and Lloyd's itself must approve the funds. Just as significant, so must the Inland Revenue. There is still some question about whether the funds will qualify for the tax status of an investment trust.

The Week Ahead

AMSTRAD, the consumer electronics group run by the ever-colourful Alan Sugar, reports its full-year results on Tuesday. The group, which reported a £71m loss last year, should have broken even at the trading level – but there may well be exceptional costs of about £25m mainly related to the closure of its Spanish operations.

Most interest will be focused on the new corporate strategic plan which Amstrad's chairman has also promised to unveil and which will probably involve a move away from personal computers towards new growth areas such as telecommunications products.

Tuesday also sees the interim results of Silentnight Holdings. Projected profits of about £5m pre-tax will be an improvement on last time's £4.1m and will be thanks to the US and German operations performing better.

Bank of Scotland reveals its interim figures on Wednesday. Estimates of pre-tax profits vary from £80m to £97m, up from last time's £74m. This would be in line with general banking industry trends, with levels of bad debt provisions falling.

Further vigorous growth is expected at Lloyds Chemists, the expanding retailing chemist which reports its final results on Thursday. Pre-tax profits as high as £50m are anticipated, compared with £36.9m last time.

Also due on Thursday are the interim results of Etam, the clothing retailer. Forecasts range between £1.9m and £2.5m, against £1.7m in the previous first half. The interim dividend should rise to 1.75p (1.65p).

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Assoc Fisheries	189§§	159	124	8.73⁑	Linton Park
Man Ship Canal	£33½*	£29¾	£21½	£26.80 †	Peel Hldgs
P-E Intl. ‡	74	74	65	16.19	Cray Elect
Watts Blake	420*§	425	391	87.33	Sibelco

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 1/10/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ⁑Value of bid based on remaining 25% of shares. ‡ Figures all quoted in Irish currency.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Allied Leisure	H&L	Thursday	1.5	3.25	1.0
Amstrad	Elec	Tuesday	0.4	-	0.2
Beckman (A.)	Text	Tuesday	1.63	3.15	1.2
Burn Stewart Distillers	B&D	Thursday	-	3.3	1.7
Ex-Lands	H&L	Wednesday	-	-	-
Galliford	C&C	Thursday	0.95	3.35	0.5
Halstead (James)	Chem	Tuesday	4.5	7.5	2.5
Lloyds Chemists	Strs	Thursday	1.55	4.0	2.0
Manchester United	H&L	Wednesday	6.0	12.0	6.0
Merivale Moore	Prop	Thursday	1.0	-	-
MR Data Management	PP&P	Thursday	1.44	2.88	1.73
Paramount	B&D	Wednesday	-	0.1	-
Prestwick	Elec	Thursday	0.5	1.0	0.5
Raine	C&C	Tuesday	2.0	4.0	2.0
Renishaw	Othr	Thursday	2.5	4.0	2.5
Trace Computers	Elec	Friday	0.55	0.9	0.55
Welmiller (Barry) Intl.	Eng	Tuesday	2.4	4.3	2.4
Whitegate Leisure	H&L	Wednesday	-	-	-
INTERIM DIVIDENDS					
Abbeycrest	Misc	Thursday	1.2	2.0	-
Abbott Mead Vickers	Med	Wednesday	3.0	6.3	-
Baillie Gifford Technology	InTr	Tuesday	-	-	-
Bank of Scotland	Bank	Wednesday	1.77	2.8	-
Beradin	plnt	Thursday	-	1.1	-
Bilton	Prop	Monday	5.67	13.23	-
Bisichi Mining	Mine	Monday	-	0.63	-
BLP Group	Misc	Monday	-	-	-
Brown (David)	Eng	Wednesday	-	-	-
Campari International	Text	Thursday	3.25	8.75	-
Capital & Regional Properties	Prop	Monday	0.3	0.8	-
Clarke, Nickolls & Coombs	Prop	Thursday	-	-	-
Cohen (A.) & Co.	M&MF	Friday	3.4	3.4	-
Doeflex	Chem	Tuesday	1.6	3.0	-
Eidos	Elec	Monday	-	-	-
Etam	Strs	Thursday	1.65	5.25	-
Fine Decor	N/A	Tuesday	-	-	-
Grampian Holdings	Cngl	Wednesday	1.7	3.8	-
Hewden Stuart	C&C	Wednesday	0.875	2.365	-
Higgs & Hill	C&C	Thursday	1.0	1.5	-
Hi-Tec Sports	H&L	Friday	1.0	1.0	-
Hughes (T. J.)	Strs	Thursday	0.75	1.55	-
Johnston Group	BdMa	Tuesday	2.25	1.0	-
Jove Investment Trust	InTr	Monday	-	-	-
Kleinwort Endowment Policy	Intr	Wednesday	-	-	-
Lamont Holdings	Text	Thursday	3.5	8.5	-
London & Associated Inv Tst	Prop	Monday	0.05	0.53	-
London & Overseas Freighters	Trns	Thursday	-	2.0	-
MR Data Management	PP&P	Thursday	1.44	2.88	-
North British Canadian Inv	InTr	Monday	0.94	2.51	-
Padang Senang Holdings	Plnt	Thursday	-	1.2	-
Premier Health Group	Med	Friday	-	-	-
QS Holdings	Strs	Monday	1.56	3.63	-
Radamec Group	Elec	Friday	0.5	1.0	-
REA Holdings	BsSr	Wednesday	2.0	-	-
Reed (Austin)	Strs	Tuesday	2.0	3.0	-
Silentnight	Misc	Tuesday	2.25	5.75	-
Singapore Para Rubber Estates	Plnt	Thursday	-	1.7	-
Time Products	Misc	Wednesday	2.75	5.2	-
Walker Greenbank	Misc	Tuesday	1.2	1.9	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Adwest	Eng	Jun	9,400	(6,900)	11.0	(7.6)	7.2	(7.0)
Allied London Props	Prop	Jun	6,800	(1,490)	5.0	(-)	3.53	(3.53)
Baillie Gifford Japan	InTr	Aug†	789.9	(436.9)	-	(-)	-	(-)
Betacom	Elec	Jun	500	(3,900 L)	0.83	(-)	-	(-)
Cornwell Parker	Misc	Jul	4,610	(7,910)	7.3	(12.4)	5.7	(5.4)
Courtyard Leisure	H&L	Mar	578 L	(288 L)	-	(-)	-	(-)
DBS Management	N/A	Mar	518 L	(1,460)	-	(40.3)	8.0	(8.0)
Dorling Kindersley	Med	Jun	9,650	(7,500)	9.9	(8.4)	3.3	(3.0)
ECU Trust	InTr	Jun†	71.3	(58.7)	0.78	(1.09)	0.5	(1.0)
EFM Dragon Trust	InTr	Aug†	21.38	(12.03)	0.049	(0.11)	0.06	(0.06)
Eleco	Othr	Jun	4,820 L	(6,080 L)	-	(-)	-	(3.3)
Enterprise Computer	Elec	Mar‡	5,890 L	(8,330)	-	(-)	-	(1.25)
Fortnum & Mason	N/A	Jul	2,010	(2,150)	311.0	(334.0)	100.0	(98.0)
Gartmore Scotland Inv	InTr	Jul†	249.0	(174.6)	10.7	(12.1)	10.0	(11.6)
Goodwin	M&MF	Apr	208	(402)	1.8	(3.6)	0.655	(0.555)
Green (Ernest)	C&C	Jun	773	(586)	6.6	(6.0)	7.0	(7.0)
GT Japan Inv Trust	InTr	Jun†	241.9	(149.0)	2.38	(1.36)	1.75	(1.4)
Heron	N/A	Mar	355,000 L	(901,000 L)	-	(-)	-	(-)
Kier Group	N/A	Jun§	5,600	(-)	120.0	(-)	-	(-)
Lendu Holdings	N/A	Jun§§	1,150	(61)	8.68	(0.51)	0.5	(0.3)
Lincat Group	Misc	Jun	1,390	(810)	14.0	(8.2)	6.0	(5.1)
Lloyd Thompson	InBr	Jun	17,400	(14,400)	14.8	(12.4)	6.7	(5.6)
Lyles (S)	Text	Jun	89 L	(1,400)	1.39	(10.66)	3.3	(4.9)
Manchester City	N/A	May	1,060	(832)	-	(-)	-	(-)
Markheath	Prop	Mar	68,800 L	(22,700 L)	-	(-)	-	(-)
Power Corp	N/A	Mar⁑	102,800 L	(-)	(-)	(9.15)	-	(-)
Quayle Munro Holdings	N/A	Jun⁂	540	(1,150)	3.71	(5.88)	6.0	(-)
Regent Inns	B&D	Jul	1,340	(913)	10.6	(7.8)	4.5	(2.0)
SWP Group	BdMa	Jun	170	(30)	0.5	(0.1)	-	(0.2)
Symonds Engineering	N/A	Mar	611 L	(158)	-	(1.102)	0.15	(1.0)
Thorpe (FW)	Elec	Jun	1,660	(1,830)	8.6	(9.7)	2.67	(2.5)
Throgmorton	InTr	Jul	718.3	(581.3)	6.82	(7.02)	7.1	(7.0)
Tomorrows Leisure	H&L	Mar	5,800 L	(775)	-	(8.9)	-	(1.375)
Tuskar Resources	N/A	Mar⁑	2,200 L	(30,800 L)	-	(-)	-	(-)
Usher (Frank)	Text	May	1,220	(1,070)	11.3	(10.2)	6.0	(5.0)
Waterglade Intl	Prop	Mar	4,090 L	(5,240 L)	-	(-)	-	(-)
Waterman	Misc	Jun	124,000	(2,720 L)	0.1	(-)	1.0	(1.0)
Wentworth Intl	PP&P	Mar	5,400 L	(4,050 L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Acorn Computer	Elec	Jul	305	(511)	-	(-)
Alexon	Strs	Jul	10,000 L	(2,100)	-	(-)
Arcon International	N/A	Feb⁑	1,370 L	(367)	-	(-)
Atlas Convrtng Equip	Eng	Jun	1,380	(2,270)	7.0	(7.0)
Baltic	OtFn	Jun	1,580	(2,730 L)	0.5	(0.5)
Barr & Wallace Arnld	H&L	Jun	683	(991)	3.0	(3.0)
Bedford (William)	N/A	Jun	11 L	(22)	-	(-)
Bilston & Battersea	Misc	Jun	186 L	(28 L)	-	(-)
Blockleys	BdMa	Jun	261	(410)	0.5	(0.5)
Boosey & Hawkes	H&L	Jun	1,410	(1,440)	6.0	(6.0)
Breedon	BdMa	Jul	960	(1,040)	1.75	(1.75)
Brent Walker	H&L	Jun	83,300 L	(79,380 L)	-	(-)
Business Technology	Misc	Jun	233 L	(3,720 L)	-	(-)
Capital Industries	PP&P	Jun	2,410	(988)	2.0	(1.8)
Central Indpdnt TV	Med	Jun	16,400	(15,100)	11.0	(10.0)
Costain Group	C&C	Jun	69,400	(2,500)	-	(-)
Culver	Mtrs	Jun	183	(122)	0.11	(0.1)
Doncora	Prop	Jun	370	(28 L)	-	(-)
Erith	BdMa	Jun	523	(229 L)	0.35	(0.35)
F & C Pacific Inv	InTr	Jul†	305.9	(237.8)	0.9	(0.75)
F & C Smaller Co's	InTr	Jun†	98.6	(-)	-	(-)
Ferrum	Eng	Jun	1,490 L	(424)	-	(1.1)
Fired Earth Tiles	Strs	Jul	94 L	(6)	-	(-)
Fitch	Med	Jun	381 L	(1,800)	-	(-)
Forte	H&L	Jul	37,000	(19,000)	2.75	(2.75)
French Connection	Strs	Jul	2,000	(768 L)	-	(-)
Garton Engineering	M&MF	Jun	197	(37)	1.125	(1.0)
Goldsmiths	Strs	Aug	1,100 L	(1,880 L)	-	(-)
Greenacre Group	H&H	Jul	794	(805)	0.15	(0.13)
Hammerson Property	Prop	Jun	15,200	(23,100)	3.5	(3.5)
Helical Bar	Prop	Jul	2,220	(1,270)	2.5	(2.4)
Hepworth	BdMa	Jun	27,500	(32,800)	5.5	(5.5)
Highcroft	Prop	Jun	683	(684)	1.9	(1.8)
Hodder Headline	Med	Jun	758	(604)	1.65	(1.5)
Hogg Group	InBr	Jun	5,030	(6,800)	3.15	(3.15)
Holt (Joseph)	B&D	Jun	3,820	(3,630)	11.0	(10.0)
Hopkinsons	Eng	Jul	722	(1,340)	0.5	(0.9)
How Group	C&C	Jun	1,450 L	(96 L)	0.375	(0.75)
HTV Group	Med	Jun	1,100	(5,000 L)	0.375	(0.75)
Huntleigh Technology	H&H	Jun	3,030	(2,350)	2.0	(1.33)
Ibstock Johnsen	BdMa	Jun	17,100 L	(3,100)	0.5	(0.5)
Ipeco	Eng	Jun	1,570	(1,820)	1.3	(1.3)
Jacks (William)	Mtrs	Jul	65	(1)	-	(-)
Linread	M&MF	Jul	714	(439)	1.57	(1.5)
London & Manchester	InLf	Jun⌽	120,700	(84,200)	5.12	(4.65)
Lowe (Robert H)	Text	Apr	1,280	(162)	-	(-)
Metalrax	Eng	Jun	3,410	(3,320)	1.0	(0.91)
Mowlem	C&C	Jun	41,800 L	(32,000 L)	2.0	(2.0)
Newarthill	N/A	Apr	4,190 L	(3,570 L)	-	(-)
Pentos	Strs	Jun	400 L	(2,400)	-	(-)
Radiotrust	InTr	Jul†	48.6	(49.9)	-	(-)
Redland	BdMa	Jun	106,000	(88,500)	8.25	(8.25)
Richards Group	M&MF	Jun	62	(258)	1.0	(1.65)
Roxboro Group	N/A	Jul	2,970	(-)	-	(-)
Rutland Trust	OtFn	Jun	3,600	(3,500)	0.27	(0.27)
S & U	OtFn	Jul	2,270	(2,080)	2.8	(2.4)
Schroder Split Fund	InTr	Jul†	80.93	(72.5)	1.6875	(-)
Sears	Strs	Jul	38,900	(97,100 L)	1.0	(1.0)
Secure Trust	OtFn	Jun	3,710	(3,440)	4.5	(4.0)
Servomex	Elec	Jun	747	(1,040)	1.9	(1.9)
Sherwood Group	Text	Jun	7,760	(6,190)	1.0	(0.9)
Starmin	BdMa	Jun	1,240 L	(479 L)	-	(0.1)
Storm Group	Med	Jun	102	(1,130 L)	-	(-)
Stylo	Strs	Jul	1,800 L	(2,650 L)	-	(-)
Swire (John)	N/A	Jun	234,000	(186,000)	-	(-)
Sykes-Pickavant	Eng	Jun	91	(402)	1.33	(2.55)
T & S Stores	Strs	Jul	6,790	(6,540)	2.5	(2.4)
Ticketing Group	H&L	Jun	273	(11,200)	-	(-)
Trinity Holdings	Mtrs	Jun	4,700	(3,400)	2.0	(-)
UK Safety	Misc	Jun	302	(3,600 L)	1.04	(2.0)
Unidare	Elec	Jun⁑	2,660	(2,450)	4.4	(4.3)
United Energy	O&G	Jun	40	(52 L)	-	(-)
Walker (JO)	N/A	Jun	162	(162 L)	-	(-)
Watts Blake Bearne	Othr	Jun	4,280	(3,740)	3.6	(2.7)
Welpac	BsSr	Jul	138 L	(1,380 L)	-	(-)
World of Leather	Strs	Jun	71	(94)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ‡ Comparative figures are for 15 months. ⌽ Premium Income. ⁑ Figures in Irish pounds & pence. § Figures for 62 weeks. ⁂ Figures for 10 months. §§ Figures for 18 months.

RIGHTS ISSUES

Adwest is to raise £22.2m via a 1 for 4 at 140p rights issue.
Costain is to raise £83.9m via a 5 for 4 at 30p rights issue.
Fenner is to raise £17.4m via a 1 for 2 at 80p rights issue.
Takare is to raise £69m via a 2 for 5 at 195p rights issue.
Wentworth International is to raise £9.5m via a 7 for 2 at 2.6p rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Amberley Group is to raise £6.7m via a placing and open offer of 17.8m shares at 38p.
Brammer is to raise £5.7m via a placing of 2.1m shares at 275p.
British Empire Securities is to raise £16m via an issue of debenture stock 2023.
Henderson Touche Remnant is to raise £100m via an offer for subscription of shares at 100p, with warrants on a 1 for 5 basis.
The Smaller Co's Trust is to raise £23.8m via a placing of shares at 135p.

FINANCE AND THE FAMILY

Unit Trusts

The Perpetual search for long-term growth

Scheherazade Daneshkhu meets professional investors who feel it helps to make money if you live outside London

FAR AWAY from City bustle, Stephen Whittaker runs Perpetual's UK growth fund from an 18th century house in Henley-on-Thames, Oxfordshire. Perpetual has had its offices in this building ever since the 1970s, when its founder, Martyn Arbib, launched the first fund.

Whittaker finds distinct advantages in being distant from London. On Monday, for example, news of the restructuring of Grand Metropolitan, the food, drinks and retailing group, came over at just after 1.45pm. "Instead of being in a City wine bar, I was here and was able to add to my holdings quickly," said Whittaker. Grand Met's share price rose 10p by the day's close.

Such short-termism however, does not characterise the fund which is run to produce good long-term performance. It is is fifth in the UK growth sector in the five and three years to September 1 according to Micropal but 24th in the year to September 1.

Whittaker says he does not aim to be at the top because that is usually the result of a risky or focused strategy which carries the danger of sliding down the performance tables the next year. Instead he aims to be constantly in the first or second quartile (the top 25 or 50 per cent). He argues that the performance will come through in the longer run as other, less consistent, funds drop out.

Whittaker runs the fund with the aid of Neil Woodford, who looks at the income side, and John Sweet, who is a small companies specialist.

Whittaker believes the return of inflation is possible next year

The fund is large and diversified and contains more than 100 stocks. The largest holding is in British Telecom with 4 per cent: "It is one of the cheapest utilities around," says Whittaker. Standard Chartered is the next largest with over 2 per cent. "I bought it for recovery and am now holding on to it for growth. It has gone from £2 to £9 in those years."

Perpetual, which had an established reputation for its international funds, launched a UK growth fund in June 1987. Margaret Thatcher had just been re-elected and, like many others, Perpetual thought that her victory would underpin an already strong market. The £30m which the fund pulled in within the first three days of its launch reflected general optimism.

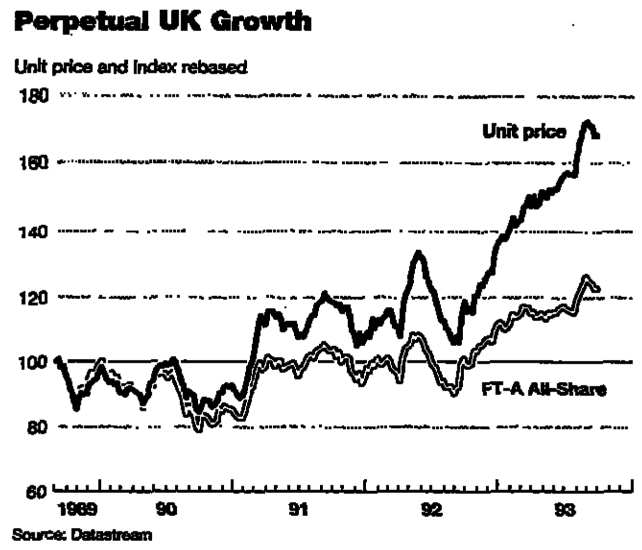
Whittaker was recruited from Save & Prosper in August that year to run the fund which was languishing at the bottom of the performance tables. Within two months, the stock market crashed and the unit price of the fund fell to 32p from 50p at the time of the launch. "It was a baptism of fire," says Whittaker. "We had to work hard to stem the flow of money out and having had ideas about how to run the fund when I joined, I had to kick these out of the window and develop a new strategy."

Instead of focusing on aggressive acquisition-driven stock, Whittaker decided, particularly after Nigel Lawson's deflationary 1988 Budget to move to the sanctuary of large companies instead of a diversified portfolio split between companies of all sizes. "Although 1989 was a difficult year, if we had maintained out weighting in in recovery and smaller company stocks, we would have been much worse off," says Whittaker.

By 1991 when the recession was well underway and small companies were performing badly, Whittaker tried to predict what might happen in 1992. "I thought the next move in interest rates and inflation would be downwards and that we should be thinking about a higher weighting in smaller companies and recovery stocks. This became the strategy by the end of 1991 and into 1992."

However, the government's decision to remain in the Exchange Rate Mechanism, even if this meant raising interest rates, appeared to prove him wrong. Whittaker says summer last year was difficult for his fund's recovery-based strategy.

"Raising interest rates instead of cutting threatened to cause a depression. I thought there would be rioting in the streets if this was to happen. In the end the currency markets and George Soros did us an enormous favour by pushing the government into a decision it had not wanted to make," says Whittaker. Soros, a New York hedge fund manager sold sterling and arguably precipitated the UK's exit from the Exchange Rate Mechanism last September.



Today over half the fund is invested in small- to medium-size companies and Whittaker is gradually selling stocks and buying new ones because he expects a shift in the economic cycle next year. He believes the return of inflation is possible next year, arguing that the government is likely to be pressed to deal with unemployment and may not be able to continue cutting spending.

If inflation returns, companies which are highly-rated now because of expectations of growth next year, could turn out to be a disappointment, particularly in a fragile market. Whittaker is therefore switching from what he has identified as vulnerable areas – property, construction, engineering and other capital goods areas – into those he believes are undervalued – food retailing and brewing. He likes the financial sector and is overweight in banks and insurance. Recent purchases have been in food retailers Argyll and Tesco, and in leisure stocks such as Thorn EMI, Rank Organisation, Forte and Granada.

"The difficulty is that I tend to be early so I have an uncomfortable period. The difference between having an idea and being right is timing, so when I have an idea I move carefully and slowly by putting in a little bit of money and waiting and then putting in a bit more."

Whittaker says that whenever he has reacted "like a raging bull", he has invariably been wrong. After Saddam Hussein, the Iraqi president, invaded Kuwait in August 1990, he worried that the portfolio did not contain any oil stocks and bought into the market.

Within a few weeks, he realised that he had been mistaken and sold the stock at a loss. "You have to be prepared to do that and, by the same token, you should nto become too wedded to any stock," says Whittaker.

He is usually cautious. "I move slowly and carefully. The key to the very high ranking of the fund over the longer term is this inherent conservatism."

■ **Charges.** The initial charge is 5.25 per cent and the annual charge is 1.25 per cent. The bid-offer spread is about 6.5 per cent.

Minimum investment is £1,000 or £500 through a Pep. There is a savings scheme of £20 a month minimum. Peps must be taken out so via the company's self-select Pep. The plan charge is 5 per cent plus VAT but the 5.25 per cent initial charge on the fund is then discounted.

Mail delays hit investors outside UK

Expatriates miss out on share offers, reports ***Bethan Hutton***

EXPATRIATE shareholders may be missing out on UK companies' share offers and rights issues because of their inefficient mailing systems and other postal problems.

George Kluge, an *FT* reader living in the Bahamas, has missed several share offers plus enhanced scrip dividend and rights issue deadlines because postal delays have eaten into the limited time available to take up the offers.

Post between Europe and the Bahamas takes up to a week in normal circumstances. The usual time allowed to respond to rights issues is three weeks, so any delay can wreck an investor's chances of taking part. Post to other parts of the world can take even longer.

"Our recent experience has been that UK companies farm out the posting and could not care less about their overseas members," says Kluge.

One UK company recently failed to frank or stamp an envelope containing offer documents which was posted to the Bahamas. It was delivered weeks after the offer closed, and Kluge was forced to pay the postage.

Sidlaw, the company involved, said that the company's offer documents normally were posted in pre-paid envelopes by the printers, but could not say what had gone wrong. It is now investigating the problem.

RTZ also had some difficulties with a shareholder mailing earlier this year but, in this case, the Royal Mail accepted responsibility.

In some cases, even if the item is delivered promptly, expatriate investors miss their chance to take up offers such as the BT3 share offer, which allowed only nine days for applications to be sent out and returned.

Stuart Valentine, director of research at Proshare, the organisation which promotes shareholding by private investors, says he does receive occasional complaints about the length of time shareholders are given to respond to rights issues and other share offers.

These complaints come not only from overseas shareholders but also from UK residents worried about missing opportunities while away on holiday.

Extending the offer period, however, can expose companies and their underwriters to increased risk of market movements in the intervening period, which could affect the success of the issue. "I think three weeks is a reasonable balance between the companies' needs and those of the shareholders," Valentine says.

Having a nominee shareholder who will receive mailings on your behalf might slow the process even further, as documents then have to be forwarded. Valentine says the only answer could be to give someone in the UK discretion to act for you although he accepts this has obvious drawbacks: you have to rely on another person's investment judgment, and you might not want to surrender control of potentially large sums of money to someone you do not know well.

There is little action investors can take if they feel they have lost out financially by receiving offer documents late – neither the company nor the post office is liable to pay compensation, and it can be difficult to determine whose fault – if anyone's – the delay might be.

If, however, enough shareholders let companies know about faults in the system, efficiency might improve.

The Speculator

You pays your money and takes your choice

Bethan Hutton explores the esoteric world of equity options where gambles are the order of the day

EQUITY options are a way of speculating on share price movements without putting up large amounts of money. You invest only as much money as you can afford to lose, but your gamble can pay off with substantial gains.

Options are written (issued) by market-makers or other investors, who demand a premium for giving you the right (but not the obligation) to buy or sell a package of shares at a certain price (the "exercise" or "strike" price) within a fixed period. The right to buy is known as a call option, and the right to sell is a put option.

Options on the shares of about 70 large companies, mostly in the FT-SE 100, are traded on the London International Financial Futures & Options Exchange (Liffe, pronounced "life"). Business is still carried out in the traditional style, where traders gesticulate to each other in a crowded trading pit. Private investors can access the market through stockbrokers.

By buying an option, you are gambling on whether you think a share's price will rise or fall. The goal for investors is to end up with a call option which has an exercise price lower than the share's actual price, or a put option with a higher exercise price.

That's Liffe . . . dealers at work in the traditional style in the trading pit at the London International Financial Futures & Options Exchange — Trevor Humphries

Call options on shares of Anon Plc

	Nov 1	Dec 5	Cash difference	%
Share	254	284	30	12
January call options				
Strike price:				
240	25	48	23	92
260	14	30	16	114
280	7	16	9	129
300	3	1	-2	-67

Options are available for various expiry dates and exercise prices, so you need to judge how far and fast a share will move. Some people base decisions on their opinion of a company's fundamentals, while others rely on technical analysis of charts.

Expiry dates are fixed at three-monthly intervals, with a maximum life of nine months. So, at any time, there will be three option expiry dates available for each share and, for each date, there will be a range of possible exercise prices, usually at 10p or 20p intervals.

The premium you pay for an option is determined by two factors. One is whether the option already has some intrinsic value – that is, a call option's exercise price is lower than the share price, or a put option's exercise price is higher.

This is combined with the "time value," calculated from how long the option has left before it expires and how volatile the share price has been. The higher the strike price of a call option relative to the share price, and the closer the expiry date, the cheaper it will be – but the more likely you are to lose your money.

The jargon can sometimes be confusing for investors. When an option has some intrinsic value it is said to be "in the money." If the exercise price of a call/put option is higher/lower than the share price, it is "out the money." And if it is roughly the same as the share price, it is "at the money."

Options are popular speculative instruments because of their gearing potential: a small rise in the underlying share price can translate into a much larger rise in the option price. The cash price of the option is much lower than that of the share but, once an option's strike price has been reached, its price goes up by the same amount in cash terms as the underlying equity (less the dwindling time value). The proportionate return on your investment is thus far greater (see the table).

Put options work in a mirror image fashion except that, rather than increasing the size of your profit compared with buying shares, they translate small losses into larger gains.

Although the potential loss is limited to the price of the option, the risk of losing all the money invested in options is much higher than when buying actual shares. This is partly because you are gambling on the size and timing of movements in one direction, but also because options have a limited life.

If your option does not make it "into the money" by the expiry date, it will expire worthless. You cannot hold on to an option for years, hoping it will eventually regain its value.

More than 90 per cent of options are never exercised: they either expire worthless or, if they increase in value, are sold back into the market. One advantage in doing this is that you do not have to find large sums of money actually to buy the shares; pay more commission; or be prepared to hold the share long term. Additionally, you can profit from any time value still attached to the option, as well as from the share price movement.

Dabbling in options is not for beginners or those with only small amounts of money to spare. "The money should be money that you are prepared to lose," emphasises Graeme Hatch, an options broker at Killik & Co. He says options should form a maximum of 10 per cent of an investor's portfolio.

Contracts are usually for 1,000 shares (although Liffe can adjust this to take account of rights issues etc), so one contract could cost as little as £30. Every time you buy and sell, however, you will have to pay commission (minimum £30 at Killik), so each trade has to be reasonably large to be worthwhile – at least £500-£1,000, Hatch recommends. There is also a bid-offer spread on option prices just as there is on the underlying equities.

Information on a limited range of option prices can be found daily in the *Financial Times* and also on Ceefax. Brokers should have access to a full range of up-to-date prices.

■ *Liffe produces a free information pack on equity and index options, including a list of brokers dealing in options and details of explanatory seminars. For a copy, call 071-379 2486.*

Planning for a better life in retirement

Peter Quinton tells how to get tax advantages from annuities

ALL TOO often, people approaching retirement overlook the importance of tax planning as a way to boost the pension they will receive from their annuity. Annuities provide a regular income, either for life (through the use of a pension or life annuity) or for a specified period (temporary annuity) in exchange for a lump sum payment to an insurance company.

There are considerable tax advantages to be gained for those who have retired with a compulsory purchase annuity – one bought with the proceeds of a pension fund which will, generally, pay out a percentage of the total fund as tax-free cash. Those wishing to maximise their income on retirement will usually find it more profitable to draw their tax-free cash and put it in a life annuity.

Since the Inland Revenue applies different tax laws to the two annuity groups, people who have retired can make use of these to supplement their income, which is particularly important while annuity rates are at their present low.

All income from compulsory purchase annuities is taxed in full as earned income, which could mean a 40 per cent charge if the annuitant's income is high enough. By contrast, life annuity payments are split into interest, which is taxed, and return of capital, which is not. It follows that the *net* income from a life annuity will be considerably higher than from a compulsory purchase annuity.

For those annuitants who are married and paying tax at 40 per cent, the financial anomalies between the two types of annuity offer another means of maximising value. Retired people can pass their tax-free cash to their spouse (providing the spouse is in the lower tax bracket) who can, in turn, use it to buy a life annuity.

The transfer of tax-free cash is exempt from income tax, as is the gift made to the spouse. Where the spouse is the sole buyer of the annuity, the interest element is taxed in line with the income tax rate of the spouse as long as he/she is alive, even though the annuity provides joint-life benefits. Where the spouse dies first, the tax rate reverts to that of the survivor.

The interest portion of the annuity would be taxed at their tax rate, or even less, only if the spouse had not used up his/her allowances. So, in addition to the savings on the tax-free capital portion, another 15 per cent tax could be saved on the rest.

If a couple wished to purchase only a single life annuity, and the main annuity purchaser is the husband, this arrangement would work best when they are of similar age.

If he is much older, the standard reduction in annuity rates for a female compared with a male of the same age (because of a woman's greater life expectancy) would be exacerbated because of her relative youth. So, in these circumstances, the husband could be better off keeping his tax-free cash. This could change with the development of unisex rates.

Conversely, a married couple with the wife as the main annuity purchaser on a single life basis would probably stand to gain if the wife transferred her tax-free cash to the husband, allowing him to buy a life annuity.

If he was roughly the same age, or older, he would definitely get far better annuity rates and would also enjoy the tax advantages, especially if his wife was in the 40 per cent bracket and he was not.

It is clear that the scope for tax planning opportunities can transform even further the value achieved from the best annuity available, even when retirees have been shopping around on the "open market."

When the investor cashes in his pension contract, he can take the accumulated fund value and buy his annuity from any life company he wishes. He does not have to buy it from the life company with which he originally took out the personal pension.

Take a 60-year-old man with a company pension fund of £100,000. He could get a net annual income of £4,883.40 by using the whole fund to buy an annuity with Equitable Life (at present, one of the top-paying life offices for these specific benefits).

This assumes payment to be monthly in advance without a guarantee period and with a spouse's benefit of 100 per cent for a spouse aged 50. It also assumes that the annuitant is in the 40 per cent tax band and is using his allowances elsewhere. But, by withdrawing the maximum tax-free cash (in this case, £25,000), and buying a life annuity with the same company, the net income would increase by £211.37 every year to £5,094.77.

If he had also used the open market option for a life annuity as well as for the compulsory purchase annuity, he would have enhanced his income even further: by purchasing the life annuity with MGM Assurance, his net annual income would have increased to £5,110.25 using a 75/25 per cent split between the compulsory and life annuity portion of the fund.

The total net after-tax income would be increased by £226.85 a year. The present life expectancy of a female aged 50 is 29 years, so the extra income gained over this period would be £6,578.65.

This again shows clearly that the top company for one annuity is not necessarily the top for another, and underlines the need for independent advice on the best rates available.

■ *Peter Quinton is managing director of the Annuity Bureau Ltd.*

Annuities

Rates continue to nose down

THE TABLE shows compulsory purchase annuity rates for those with £100,000 to invest. The top three rates are shown for various ages. RNPFN annuities are only for those in nursing and allied professions.

Peter Quinton, of the Annuity Bureau, says: "Annuity rates have fallen recently to their lowest level in two decades. Britannia Life, Canada Life, Generali, Laurentian Life, Norwich Union, Providence Capitol, Royal Life and RNPFN have all reduced their rates since September 10 1993. London Life is the only company in the past two weeks to have raised its rates."

Billy Burrows, of the London-based Annuity Direct, adds: "Predictably, annuity rates are still declining in line with falling yields on medium and long gilts, and there is no sign that these yields will increase in the short term. In today's climate of low interest rates, pensioners need to spend more time planning their pension to avoid being locked into a low pension for life.

"With-profits, phased retirement and Equitable Life's new managed annuity provide good alternatives to conventional annuities. This is because the annuitant is not locked into a low-yielding annuity but will receive a pension with the potential to increase in line with the investment growth of the underlying pension fund. Index-linked annuities will also give good value for money if future inflation tops 5 per cent for any length of time."

■ *Figures by the Annuity Bureau, Enterprise House, 59-65 Upper Ground, London SE1 9PQ (tel. 071-620 4090).*

ANNUITY RATES AS AT 29 SEPTEMBER

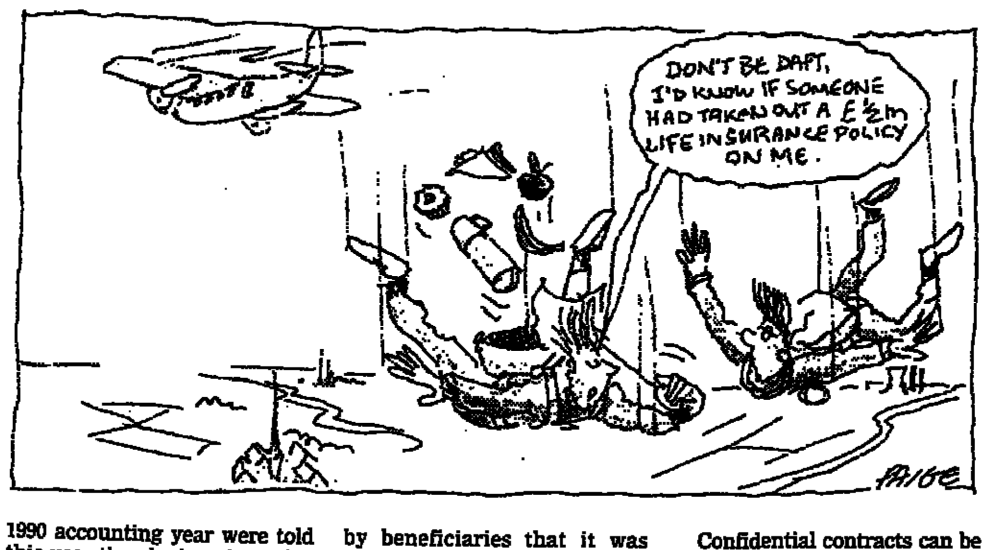
Compulsory purchase annuity			
Male age 50	**Annuity**	**Female age 50**	**Annuity**
Equitable Life	£8,997.96	Equitable Life	£8,373.96
RNPFN	£8,698.68	RNPFN	£8,210.88
General Accident	£8,410.56	Scottish Widows	£7,900.08
Male age 60	**Annuity**	**Female age 60**	**Annuity**
Equitable Life	£10,629.96	Equitable Life	£9,447.00
RNPFN	£10,415.64	RNPFN	£9,438.36
General Accident	£10,054.92	Royal Life	£8,872.64
Male age 70	**Annuity**	**Female age 70**	**Annuity**
RNPFN	£13,943.16	RNPFN	£12,009.12
Equitable Life	£13,580.04	Equitable Life	£11,652.96
Norwich Union	£13,039.00	Royal Life	£11,176.65
Joint life annuity with 100 per cent spouses benefit			
Male 60/Female 50	**Annuity**	**Male 70/Female 60**	**Annuity**
Equitable Life	£8,139.00	Equitable Life	£9,051.00
RNPFN	£7,892.04	RNPFN	£8,978.28
Scottish Widows	£7,706.52	Royal Life	£8,534.16

All payments are monthly in advance. Figures are based on annuities without a guarantee. Purchase price £100,000.

FINANCE AND THE FAMILY

Please don't tell anyone . . .

. . . but your life might be insured without your knowing. Damien Reece explains



THE UNTIMELY death of a soccer star could affect your business interests severely if the sales of your football boot company relied heavily on his endorsement. And if your brand of fizzy drink would not excite the taste buds without the backing of a famous pop star, you could also lose out if they were to die.

Similarly, an accountant or solicitor relying on one person to generate a large proportion of fee income would be wise to seek protection should that individual fall under a bus. But all these cases could benefit from a relatively obscure form of protection known as confidential life assurance.

This allows a company – or, in some cases, an individual – to insure the life of someone else without that person being aware that his or her demise would compensate for lost business. But it is usually in the interests of the policyholder to keep such cover secret because the individual insured is normally under some form of contract.

Because such cover is open to abuse, it is underwritten by only a handful of select individuals who form a little-known corner of the Lloyd's of London insurance market. Yet, despite seeming to be something of a financial backwater, the business of confidential life assurance is extremely profitable and growing rapidly.

The most active provider is Lloyd's syndicate 429, otherwise known as Alder Life. The 180 members, or Names, who made up the syndicate in the 1990 accounting year were told this year they had made profits of 22.3 per cent on their capital.

The year before produced a similar rate of return – figures for which many beleaguered Lloyd's Names yearn. No wonder that, since 1987, the total of Names in the syndicate has increased from 78 to the present 319.

This performance is not entirely from confidential life assurance; the syndicate is also an important provider of more straightforward individual and group term assurance cover (such as key man assurance). But Kim Rowley, the syndicate's chief underwriter, is convinced that confidential life makes sound business sense for his members. "It has been profitable to date, but the maximum it represents is 10 per cent of our business," he says.

Insuring the life of others once was common but it resulted in so many murders by beneficiaries that it was outlawed in 1774. The Insurance Act, commonly known as the Gambling Act, introduced the requirement that a life assurance contract could be effected only if an insurable (financial) interest could be proven.

The first cases of confidential life cover arose in the US where parties in long court cases insured the life of judges so that, if they died, the costs of any new trial could be met through insurance.

Confidential cover differs from conventional life assurance in several important ways. Because of its nature, it cannot be based on any medical data to help assess risk. Thus, syndicate 429 says, premiums are at least three times more expensive than conventional premiums for people up to age 50. Over this, they can increase steeply because of increased mortality risks.

Confidential contracts can be taken out for only a year at a time and must then be renewed. This is one way the underwriter can protect his syndicate from heavy losses. "The nature of the business, running one year at a time, means we do have a degree of protection if we feel the claims are coming in too fast," says Rowley.

Employers thinking about insuring individual staff on a confidential basis can think again. This is one commercial relationship which will always be refused by syndicates such as 429 because of the high risk of abuse, since they will not have access to the employee's medical records.

In any case, companies can get much cheaper cover for employees through conventional contracts which require medical underwriting.

Where the two parties in a confidential contract are unrelated – say, a solicitor and his client – the underwriters believe the risk of having a claim made against them is much less.

A solicitor wanting to insure the life of a client responsible for a large proportion of fee income would first need to prove that he would suffer a financial loss should the individual die and that he was not simply gambling on that particular life. In addition, he would have to prove a justifiable interest; this stops requests for over-inflated sums assured.

Thus, if the individual accounted for £50,000 of fee income, the solicitor could not insure that life for £10m; a more realistic figure of £100,000 would be justifiable to the underwriter.

In divorce cases, the divorce settlement will be examined closely to establish if confidential cover is justified to protect one spouse's income, normally the wife's, should alimony cease on the death of the ex-husband.

The secret of success for syndicates such as 429 is strict underwriting. There has to be an insurable interest and financial justification for the cover to be written. "These two parameters have to be absolutely watertight. There can be no deviation. There is no room for manoeuvre," says Rowley.

But although he believes confidential life cover will continue to prove good business, he – and others – will continue to err on the side of caution. "We throw out considerably more applications than we write," he stresses.

VAT blow for charities and schools

CHARITIES and schools face having to pay value-aded tax on non-business electricity and gas bills for the first time next year, when the tax is imposed on fuel for domestic use.

They could, however, benefit from a tax loophole which will also be of use to individuals. Residential homes for the elderly could also make substantial savings.

Anyone with enough cash reserves can avoid the new tax simply by paying for several years' worth of fuel before the end of March next year. VAT is charged at the rate that applies at the date of invoice or payment, whichever is earlier.

So, payments accepted before April 1 1994, when VAT is imposed on domestic fuel at 8 per cent, will be zero-rated and payments made before April 1 1995, when the rate is increased to 17.5 per cent, will be subject to VAT at 8 per cent.

Chantrey Vellacott, the London-based accountancy firm, has calculated that a charity with annual fuel bills of £5,000 could make a net saving of £670 by paying two years' worth of bills in advance.

This comes from a saving of £1,275 on VAT, less £605 in interest which would have been earned if the money had been kept on deposit at 5 per cent.

Individuals could save smaller amounts, depending on their fuel consumption.

Independent boarding schools and grant-maintained schools, if they have charity status, will be able to exploit the method, but independent day schools will not. This anomaly is because of the distinction between business and non-business activities.

Teaching at grant-maintained schools is seen as a charitable function, so fuel used is zero-rated. Teaching at independent schools, even if they are charities, is defined as a business activity because pupils have to pay for it, so fuel is standard-rated. But fuel used to heat residential accommodation at boarding schools is zero rated at present.

This means that grant-maintained schools should be able to avoid VAT by pre-paying their entire fuel bills, while boarding schools could pre-pay the portion of their bills relating to residential accommodation.

According to Jeremy Bird, secretary of the Independent Schools Bursars Association, most schools are aware of the advance payment option.

"Schools will be thinking about it but, of course, to pay in advance you have to have the money. It is a cost-benefit exercise," he says.

In the same way, charities already pay VAT on fuel used for business activities (eg, shops) but non-business activities are zero-rated, so tax savings could be made by paying those bills in advance.

Anyone planning to take advantage of this loophole needs to make sure their gas or electricity supplier is willing to accept advance payments rather than simply treating them as mistaken overpayments.

Most electricity boards have said they are willing to co-operate in the tax avoidance exercise, but will not be publicising it or offering discounts for early payment. Payments should be accompanied by a letter to them explaining the purpose.

One consideration for individuals hoping to avoid VAT in this way is how long they expect to stay in their present home.

It is unlikely to be possible to transfer pre-payments between electricity and gas suppliers while maintaining the tax benefit. But charities, schools, and nursing homes, being less mobile, should not have this problem.

Another group which might be able to benefit is residents of blocks of flats where heating is supplied centrally. It might be, however, that some blocks have been paying VAT wrongly on this fuel since 1990 when the tax was imposed on fuel for business use. This has yet to be clarified, though.

Bethan Hutton

Directors' Transactions

DURING A fairly quiet week directors' selling out-weighed buying by some considerable margin. Following the announcement of interim results by many companies, a fair amount of the selling activity actually concerns options.

PizzaExpress has only spent about six months in its new guise as a fast food operator for franchises and its own restaurants. The share price has performed spectacularly since then but the sale by David Page of 380,000 shares was made to satisfy his outstanding obligations following the acquisition of G & F Holdings, in which he was a major shareholder. He still retains over 2 per cent in the company.

The food retailing sector has been in the press recently as the giants line up against warehouse discounters. Directors are ready to put their money where it counts and have been buying. William Morrison Supermarkets recently announced interim results that were flat, however four members of the board, including the chairman and chief executive, have bought a considerable quantity of stock. At Tesco, three directors bought shares in the company though the value of the investment was relatively small.

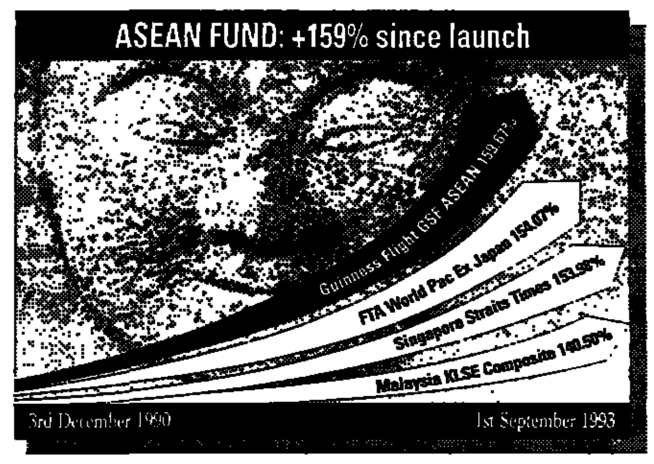
ISA International manufactures ribbons, disks and fax paper for information processing equipment. The company announced interim results in September which showed pre-tax profits up 48 per cent on the same period last year. Three members of the board, including the non-executive chairman and the finance director, sold stock; in the case of the third director, non-executive Bernd Triebel, this left him with a holding of nil.

Colin Rogers,
the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Border TV	Med	10,000	14	1
BSG	Motr	50,000	36	1
Courtaulds Textiles	Text	33,750	182	1*
Cranswick Group	FdMa	14,000	27	2
Dewhirst	Text	16,000	14	1
EIS Group	EngG	30,000	122	1*
ISA International	Elns	363,510	422	3
Legal & General	Ins	32,500	159	1*
MacFarlane Group	PP&P	67,500	142	1*
Magellan Industries	Text	100,511	191	2
Microfocus	Elns	12,000	207	1*
North West Water	Watr	4,000	21	1
Photo-Me Intl	Misc	180,000	666	1
PizzaExpress	FdRe	380,000	388	1
Quicks Group	Motr	75,000	139	1
Readicut Intl	Text	15,000	15	1
RTZ	Mng	125,000	856	1*
Seacon	Tran	50,000	100	1
Spandex	Misc	6,500	29	2*
PURCHASES				
Aberforth Small Cos	InTr	49,000	77	1
Bristol Evening Pst	Med	10,000	35	1
Hillsdown Holdings	FdMa	20,000	31	1
Huntingdon Intl ADR	Hlth	9,000	$85	1
Invesco	OthF	30,000	50	1
Morrison WM	FdRe	243,000	2,454	4
Rexmore	Text	38,000	20	1
Tesco	FdRe	20,746	23	3
Welsh Industrial IT	InTr	22,000	37	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-24 September 1993.
Source: Directus Ltd, The Inside Track, Edinburgh



Life charges: just what do you pay?

Investors have faced daunting barriers to discovering the truth, says ***Eric Short****. But relief is at hand*

THE charging structure of life companies, which has been notoriously opaque, will soon become much clearer.

At present, the charges can be understood only with the help of an actuary. But investors would like to know the answers to two questions: which are the high and low charging life companies, and how much of an investment in a life or pensions contract from any life company is taken out in fees?

Obviously, a life company must impose charges to meet the costs of issuing and of servicing a contract. But are those charges reasonable?

The fee structure on a unit-linked life contract is extremely complex, with five or six types of charge being the norm. The bid/offer spread, annual management charge, capital/accumulation units and policy fee are the main ones.

Faced with such a complex array of fees, most investors will have great difficulty in discovering how much of their investment is eaten up by charges. The problem is even more complex for with-profit contracts.

The only way in which the effect of charges can be shown to laymen in a way they will understand is to show what the benefits would have been had no charges been imposed for a given investment, followed by what the benefits would be after deducting the company's charges.

But Sib and Lautro, the regulatory bodies, have always insisted that illustrations showing the benefits of a policy on different assumptions of growth rates should also assume a standard charge that applies to all policies and not just the one. They claim that the standard basis illustrations will not be misused by intermediaries selling contracts to clients.

The Office of Fair Trading, however, has always insisted that using standard charges is anti-competitive in that it denies investors the information they need to answer the two basic questions posed above. Now, chancellor Kenneth Clarke has accepted the OFT's argument and, next year, illustrations will be based on the charges actually levied on each policy.

Nevertheless, information on illustrations based on actual charges has been available to investors if they had known where to look for it. *Money Management*, an *FT* monthly publication, has been allowed by Lautro to seek such illustrations from life companies and to publish the results in its periodic surveys of personal pensions.

The latest survey, published in the October issue*, includes a comparative table of benefits assuming actual charges, no charges and the standard charge. It provides enough information for investors to answer the two basic questions above.

Since the aim was to identify the high and low charge life companies, and to discover what those charges cost the investor, the table excludes specialist companies which take business only from fee-based intermediaries.

Personal Pension Illustrations - Unit-Linked Plans

■ Best Projections (lowest charges)

10 years		25 years	
Abbey Life	36,700	Equitable Life	208,020
Equitable Life	36,649	Cornhill Assurance	206,241
Rothschild Asset Mgmt	36,306	Albany Life	205,937
Scottish Mutual	36,113	Prosperity Life*	205,286
Family Assurance	35,878	Wesleyan & General	204,937

■ Lowest Projections (highest charges)

10 years		25 years	
Combined Insurance	32,463	Royal London	175,718
Providence Capitol	32,277	Combined Insurance	175,387
Royal London	31,294	Gartmore	175,072
Refuge Assurance*	31,222	Acuma Life	174,365
Eurolife*	30,848	Eurolife*	167,309
No charges	40,292	No charges	248,632
Average fund	34,461	Average Fund	193,583
Lautro basis	36,486	Lautro basis	213,205

*The table shows projected open market option funds for a contract taken out on July 1, 1993, with a monthly premium of £200. The annual assumed growth rate is 10 per cent gross; charges deducted relate to the life company's own charging structure on personal pensions contracts for the given term and contribution. *Company declined or unable to provide figures, so the projected value calculated by a consulting actuary. Table excludes those companies which do not pay commission or bonuses to intermediaries or sales staff.*
Source: Money Management

These companies have the lowest charges and, thus, the highest illustrations. But, to make a complete comparison, the investor needs to allow for impact of the fees paid to his adviser in determining the overall effect on his investment.

The table can guide the investor in his selection of a life company. The wide range in the value of benefits between the lowest and the highest charging companies shows the importance of making the right choice of life company. Investors need to look at a company's charging record, as well as that of its investments.

The charging structure used by a company has different effects for different terms. The table shows that four of the five lowest charging companies over 10 years are not in the top five for 25 years, although an examination of the complete table in *Money Management* shows they are still very competitive.

So, the choice of life company on the lowest charge basis depends on the term of the contract. An investor already holding a personal pension contract, and who intends to take out another contract, needs to check if that life company is still competitive on its charges for the new (lower) term.

The highest charging life companies tend to market through their own sales force or through tied agents. As such, the salesmen are under no obligation to reveal this fact to clients. Investors have to check this themselves.

Independent financial advisers should be taking charges into consideration when recommending a life company, but investors should check that this is indeed the case.

At 10 years, charges can reduce the benefits by between 9 per cent (the lowest charge) and 23.4 per cent (the highest charge), with an average reduction of 14.5 per cent. At 25 years, the range is between 8 per cent and 32.7 per cent, with an average of 22.1 per cent.

Once this information is available widely, life companies are likely to come under pressure to reduce their charges. The present Lautro illustrations produce figures that exceed the vast majority, if not all, of the own-charge illustrations, showing that the standard charges used are far too low compared with present charging levels.

Under the present Sib/Lautro rules, a life company is not allowed to reproduce the tables in *Money Management* in any of its literature or promotional material. It can merely point out that the survey has been published.

Since newspapers can reproduce the table, the ruling seems irrational. But since it exists, it is up to investors to see for themselves.

**Money Management, Greystoke Place, Fetter Lane, London EC4A 1ND, £3.95.*

Better news at last from the Wharf

Matrix's EZT scheme claims it can offer a fast return

UNSECURED creditors of Canary Wharf, the London Docklands office scheme which went into administration last year, voted this week in favour of a restructuring package and the project might soon be able to resume trading.

The news has cheered Matrix Securities, which recently launched an enterprise zone trust (EZT) near Canary Wharf on the Isle of Dogs.

Matrix South Quay has a novel structure which aims to give investors a fast return on their money through the use of a loan facility, and it has an arranged exit facility after 10 years.

Investors in EZTs are entitled to tax relief at their top marginal rate of tax but, unlike the business enterprise scheme, there is no limit on investments in enterprise zone property. Tax relief is available on loans taken out to fund the property if the interest is paid using rental income.

Hill Samuel, the merchant bank, is providing loans to investors equating to 67.5 per cent of the amount invested. This means that, for a total investment of £100,000, the amount of cash the investor would have to produce would only be £32,500.

The investor then receives tax relief on the building costs of £95m for the total investment; according to Matrix, this would be 98 per cent. So, when the higher-rate taxpayer receives his rebate on a total investment of £100,000, this should amount to tax relief at 40 per cent on £98,000 – or £39,200.

For an outlay of £32,500, the investor is making a profit of £6,700, which amounts to a return of 20 per cent. But James Higgins of Chamberlain de Broe, a fee-based adviser, warns investors that they will get the tax relief only if "they do have the higher rate income to shelter and if they are up to date with their affairs."

He adds: "The longer it takes to get the relief, the less the immediate profit."

The Hill Samuel loan lasts for 10 years, when the trust implements exit arrangements. So, in theory, the investor has a loan outstanding for a long time. But Hill Samuel guarantees sufficient rent to meet the interest payments and to give the investor enough cash to repay the loan.

Hill Samuel is a creditor to South Quay Ltd, which is in administrative receivership and owns the property, but Matrix denies that it chose the bank for this reason. "We were in discussion with a number of banks to provide this structured finance and Hill Samuel were offered the mandate," says Matrix's Peter Bridgman.

"It was not until some time into our negotiations that we learned that Hill Samuel was one of the lender banks."

What if Hill Samuel was to go under and be unable to meet its obligations? There is provision so that, if this were to happen, the receiver would be obliged to treat the loan and interest as having been written off.

"It is not a non-recourse loan, so I do not imagine the that the last Budget's rules will catch it," says Higgins. "Hill Samuel already owns a big chunk of the property, so the loan of 67.5 per cent is really a discount.

The scheme is complicated, so investors should seek professional advice before committing themselves. But Higgins endorses it on the basis of the guarantees given by Hill Samuel. The minimum investment in the Matrix EZT is £25,000.

Scheherazade Daneshkhu

'Spendthrift' solicitors

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible

***MY MOTHER** left me some* **property: two old cottages and a piece of land. The solicitors have now whittled away the little money she had, engaging surveyors etc to plot the properties on maps. The solicitors now say the surveyors must be brought in to give an estimate of the properties for inheritance tax and capital gains tax. This is going to cost £300-£400. Is this really necessary in law? Can I demand the cash that is left before they think of some way to spend it?**

■ It is not absolutely necessary for a professional valuation to be obtained in respect of the property but it is often helpful. The property is likely to be valued by the District Valuer of the Inland Revenue and you might be happy with the valuation obtained.

But if you are able to provide a value, supported by a third-party surveyor, then this could help your case. It is a case of weighing up the likely cost of the valuation against the potential benefit to be obtained.

Trustees and the law

A COUSIN and her husband were joint trustees of a small family trust. Her husband died several years ago, leaving her as sole trustee. Although I have suggested that she should appoint another trustee, she does not appear to see any need to do so.

Is there any legal requirement that a trust should have more than one trustee, and can you indicate the likely cost involved in making a further appointment?

■ As a general rule, the number of trustees is unlimited by law, one being sufficient and any greater number permissible. There is an exception, however, where land forms part of the settled property, in which case the minimum for giving a good receipt for purchase monies is two trustees who are individuals.

While it is sufficient for there to be a sole trustee, this might be unsatisfactory from the point of view of the beneficiaries of the trust because of the opportunities for maladministration and fraud which then arise.

The trust deed should be read to see if it provides for the minimum number of trustees. Additional trustees may be appointed under an express power in the trust deed, or by the exercise of a statutory power contained in section 36 Trustee Act 1925.

Section 36 confers on a surviving trustee the power to appoint new trustees. The section also provides that the appointment be in writing, which usually means the drawing up of a deed. You will need to ask a solicitor how much he would charge for this and any other document which is required on the appointment of a new trustee (eg, a vesting declaration).

When probate is required

I HAVE recently been appointed executor by an elderly lady with a small estate. What is the value of an estate below which probate is not required?

■ *In nearly all circumstances,* a grant of probate is required so that it can be produced by the executor to prove his title to the assets of the estate. In very limited circumstances, small sums of money owned by the deceased may be paid or transferred on death to those persons entitled to them without the need to produce a grant of probate.

The ability to do this depends on the amount owned by the deceased and the source of the money. The upper limit on these payments is £5,000. If the sum owned by the deceased is in excess of £5,000, grant is needed for the whole amount. The payment can only be made in respect of:

1. Money held in the National Savings bank, Savings Certificate or Premium Bonds.

2. Money payable on the death of a member of a trade union.

3. Money invested in a building society.

4. Arrears of salary and pensions payable to certain Crown employees.

In all these cases, the release of the monies by the Director of Savings, the building society manager etc is within that person's discretion. The executor cannot enforce them to hand over the money if, for some reason, they require to see a grant.

It is clear, therefore, that it *is not the overall* value of the estate which determines whether or not probate is needed, but whether monies owned by the deceased are within the circumstances described above.

You will need to decide if the estate of the deceased comes within the above terms. The Probate Registry will also be able to offer advice should you need it.

Does the state have a claim?

In 1989, I gave my mother the money to buy the council house (under the Right to Buy provisions) in which she was living. It was necessary to leave the house in her name, but she made a will leaving the house to me on her death.

Now, at 87, she is still living in the house and, although in relatively good health, is becoming increasingly frail. I am concerned about the situation with regard to the house (value around £50,000) should she reach the point where we could not care for her and she requires supervised state housing.

My mother believes that, should this happen, the house would be sold and the proceeds appropriated by the state. Is this correct? Would she have no say regarding how the money was dealt? What would happen if she lived for only a short time under state care?

Suppose the house was sold, she moved in with us, the money was gifted to me and the grandchildren, and she subsequently required state housing. Would there be a claim on the money?

■ We have researched the law relating to the query raised in your letter, and we have concluded that, as your mother has occupied the house for more than three years after exercising her right to buy (and, indeed, buying the house), there can be no interference with her ownership or with any of the proceeds realised on sale. We can find no evidence that the Crown has the power to appropriate anything.

■ *All replies are by Barry Stillerman of accountant Stoy Hayward.*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75%	Yly
				£10,000	7.00%	Yly
Bristol & West BS	Balmoral	0800 100117	Postal	£25,000	7.15%	Yly
				£50,000	7.25%	Yly
NOTICE A/cs and BONDS						
City & Metropolitan BS	Super 60	081 464 0814	60 day	£10,000	7.35%	Yly
Scarborough BS	Scarb'gh Ninety 3	0723 368155	90 day	£25,000	7.65%	Yly
Universal BS	High Income Bond	091 232 0973	1 Year	£50,000	8.35%A	Yly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	8.00%B	Yly
MONTHLY INTEREST						
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.27%	Mly
Britannia BS	Capital Trust	0538 398115	Postal	£5,000	6.45%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55%	Mly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	7.73%B	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.85%	Yly
				£25,000	6.85%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.93%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Confederation Bank Jersey	Flexible Investm	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£15,000	4.70%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	5.20%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	5.70%	Yly
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.00%	Yly
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate.
A = Rate guaranteed until 1.11.93.
B = Rate guaranteed to be at least 2% above base rate (Min 8%) until 2.1.94 and then 1% above base until maturity.
E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances of £25,000 and over. H = 7.25 per cent for balances of £25,000 and over. I = 6.74% on balances of £20,000 and over.Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

FINANCE AND THE FAMILY

Cutting the cost of conveyancing

***Helga Drummond** provides a 'good service' checklist for those planning to move home*

TIMES MAY be hard in the property market, but the vast majority of people still leave conveyancing to the professionals in spite of the cost. Most believe it is worth the expense of "getting it all done properly through a solicitor" in spite of reports of the shoddy service clients sometimes receive.

Although it pays to shop around for competitive quotes, fees can be a poor guide to quality. Expensive firms are not necessarily the best and cheap ones are not necessarily the worst. In the absence of a reliable recommendation, how should you choose which solicitors' firm to act for you?

Large firms have the advantage of modern technology and a streamlined service. However, your money rarely buys the attention of a partner and sometimes not even an assistant solicitor. Large firms, moreover, are extremely profit-conscious which may be reflected in a hard-nosed attitude towards clients. Working practices and standards are designed to be cost effective which means you stand to get the bare minimum.

The smaller high street practices provide a more personal service, but before instructing one, ask what proportion of their work is conveyancing and whether there is a conveyancing partner. Be wary of firms which deal predominantly with crime, matrimonial and personal injury matters. Such firms often do conveyancing because the money is useful, but, since it forms such a small proportion of their work, their systems may not be properly geared for it. The work may be delegated to an unsupervised clerk who is expected to fit conveyancing round everything else.

This caveat applies particularly to firms deriving a large proportion of their income from Legal Aid work. Legal Aid work is only profitable if done in volume, and volume can create administrative burdens sufficient to defeat small practices. If something goes wrong, the senior partner may not care that much – after all, it is not as if the firm has a sterling reputation in conveyancing to lose.

Even if you are promised the attention of a partner or an assistant solicitor, beware. Solicitors in high street practices spend a lot of their time in court. Where will yours be when you need him or her?

These caveats are becoming increasingly relevant as conveyancing is no longer a source of easy money for solicitors. The firm that gave a good service five years ago may now have different priorities.

The best choice may be the old-fashioned family solicitor. Such firms deal almost exclusively with domestic conveyancing and probate. Your money therefore is likely to buy the personal attention of the principal or a partner. With some firms clients are ideally never seen and seldom heard, but the old-fashioned solicitor will ask you "to kindly attend this office" where he (it is usually a he) will "take down the particulars".

The chances of a mistake being made are low. Conveyancing and probate practitioners are typically schooled in a tradition of meticulous attention to detail supplemented by decades of experience. The same goes for their support staff. Further, long-established practitioners have the advantage of knowing the local property market. They know which parts of town are prone to subsidence, which properties sell easily and which ones habitually stick. They may even know the antecedents and boundaries of your proposed purchase.

The "after sales" service provided by traditional practices is likely to be superior to that of large firms. Turnover in large firms is high so that if a query arises later, the person who dealt with the conveyance may have left, whereas the old fashioned solicitor is likely to still be around.

There are disadvantages in instructing an old fashioned firm. Many practitioners qualified when deeds were still hand written and solicitors travelled to each other's offices in order to exchange contracts. The technology and working practices of some firms continues to reflect a bygone era. They are the least likely to invest in a fax machine, for example. This could prove a problem if you need to move swiftly.

Another drawback is that many conveyancing and probate solicitors are sole practitioners. Some mortgage lenders will not deal with them because of the risk of fraud. Before instructing a firm, you should visit it and trust the evidence of your own eyes – if part of the lettering on the nameplate is missing, then maybe the solicitor has lost interest in the practice, for example.

Some firms employ a partner to act as a "front" man or woman. Insist upon meeting the person you will actually be dealing with. What is their status in the firm? What are their qualifications and experience? Do they inspire confidence?

The second purpose of a visit is to negotiate the fee. Although some firms use rigid scales, others, especially smaller ones, base the quotation partly upon an assessment of what they think they can wring out of a particular client.

The minimum commercially viable fee for small practices is about £250. That means any quotation above this figure is potentially negotiable. Some firms quote a range, such as £800 to £950. The aim is to entice the client by pitching the lower of the two figures but with every intention of charging the larger sum. Turn the tactic against them by saying you will accept a firm quote of £800.

Even the larger firms may be open to persuasion. As they well know, the work involved in the conveyance of a £150,000 town house is about the same as that entailed in the conveyance of a £28,000 "back to back". Although £1,000 in fees is preferable from the firm's standpoint, £900 may be preferable to losing the instructions.

Check the level of service on offer and if appropriate negotiate on that too. All solicitors will say, "Don't hesitate to contact me if you have any doubts or queries." But what does that mean? Is the solicitor prepared to visit the property if the boundaries are unclear? What if the conveyance raises a difficult point of planning law or buildings regulations – is that included in the fee? Is the solicitor willing to organise for simultaneous exchange and completion if required? What will the charges be the the deal collapses?

The benefits of negotiation go beyond the financial. Even the most sophisticated clients are sometimes in awe of the legal profession, a fact which some solicitors are not above exploiting. Your questions will teach the solicitor respect, the factor most likely to "assure you of the best of attention at all times".

■ *This article is part of a study of solicitors' firms supported by the Nuffield Foundation and carried out in collaboration with Professor Elizabeth Chell of Newcastle University.*

UK Bond Funds

THE TABLE shows unit trusts investing primarily in gilts and the fixed interest securities of large companies. Some of the funds listed do not aim to provide income. Whittingdale's short-dated gilt fund aims for capital growth and has no yield.

Murray Acumen Reserve, which is one of Murray Johnstone's funds, was so small five years ago that it was a cash fund, according to Ian Winship, its manager. Its performance was helped by the high interest rates prevailing in 1988/89 and from holding long-dated gilts.

Murray Johnstone is one of a handful of fund managers to have cut initial charges on its unit trusts. The initial charge now stands at 1 per cent against an industry average of 5 per cent to 6 per cent, with an annual mangement charge of 0.25 per cent. The minimum investment is £500.

Peter Geikie-Cobb, the manager of Mercury Asset Management's Government Securities fund, attributes some of the fund's strong performance to its overseas exposure. Unlike a pure gilt fund, it is able to get indexation against capital gains tax because it has a minimum of 12 per cent in overseas bond markets (and a maximum of 25 per cent).

Overseas exposure also helped performance, says Geikie-Cobb, when sterling fell in value after it left the ERM. "We've had a very good run in the bond markets but we are taking a more cautious stance now. We are expecting the market to fall but that will be a good buying opportunity."

10 highest performing UK bond funds

Fund	Size (£m)	Yield (%)	Perf*
Murray Acumen Reserve	6.0	7.0	74.4
Mercury Govt Secs	6.4	6.9	65.2
Whittingdale Shrt gilt	48.1	0	64.8
Barclays Unicorn gilt	168.3	7.9	64.7
MIMstar Gilt & FI	2.8	7.6	64.2
Abtrust Fixed Interest	12.2	7.1	62.6
Abbey Gilt &FI	12.0	5.5	61.4
Abbey Capital Reserve	3.9	4.7	60.7
ManuLife Gilt & FI	34.6	6.8	60.1
GRE Gilt & FI	16.8	5.0	59.7
Sector average	19.8	6.5	52.3

Source: Micropal. * Offer-to-bid with net income reinvested over 5 years to September 1. Funds without 5 year record are excluded.

Scheherazade Daneshkhu

In fear of the bank

Keep an eye on your business account says Stephen Halliday

THE REPORT in the *Financial Times* on August 12 that customers are "fed up to the back teeth with banks dipping into their accounts without notice to extract charges and interest" will have struck a chilling note with many small businesses. The quotation was from a *Which?* report into banking practices. Are some High Street banks getting up to their old tricks again?

When my wife and I started our retail business in 1983, we approached the bank at which we had our personal accounts and inquired about opening a business account. The bank could not have been more helpful until we came to the delicate question of charges. I asked how these were calculated for a business account.

The bank manager was clearly embarrassed by the question. He explained, at length, that the banks did not publish tariffs for business accounts; that the amounts charged depended on too many factors for him to explain to me; and that if he did explain I would not understand anyway.

Intrigued, I approached the other major banks and asked the same question. Each time I received the same reply and left no wiser, although with the feeling that my attempts to uncover the mysteries of bank charges were regarded as indelicate.

We have come a long way since then. In the mid-1980s the banks, anxious to increase their small business customers, started to publish information about tariffs. The movement gathered pace in 1991 following a press campaign, in which the *Financial Times* played a prominent part, which drew attention to the poor treatment meted out to small businesses by some banks.

Our business suffered from a particularly outrageous example of high-handed behaviour. I was astonished to discover, on examining our quarterly statement, that our bank charges had tripled since the previous quarter. I assumed an error had been made and wrote to the bank. The manager explained that, since our sales had increased (by about 20 per cent), the bank had decided to triple its charge on each transaction – each cheque written, each sum paid in etc. Moreover they had done this without even informing us even though we visited the branch at least once a week to pay money in. I pointed out that in any other business such behaviour would be regarded as little short of sharp practice. He replied that it was customary in banking and would no doubt remain so.

He was wrong, as I discovered when I changed our bank and saved £1,000 a year in charges. Faced with many similar examples the Director General of Fair Trading investigated the relationship between banks and small businesses and the banks decided that they should do something to mend their ways.

All the major banks publish "Charters" which set out the terms on which they will handle small business accounts. These include details of charges for different types of account. The major banks also give an undertaking not to change the charges without giving a month's notice, so my experience should not be repeated, although the *Which?* survey suggests that vigilance remains necessary.

Now that the banks publish their tariffs, it is possible to make comparisons. Midland Bank has an Enterprise Account for small businesses with a turnover of less then £100,000. A standing charge of £2.50 a month is levied on the account and 60p is charged for each cheque issued, 60p is also charged every time money is paid into the account. These charges are waived during the first year of trading provided the account remains in credit.

The Co-op has a different charging structure, with a standing charge of £13.50 a quarter but no charge for the first 18 cheques per quarter. After that, a charge of 69p per £100 debit turnover is raised. Debit turnover is the total amount of money paid out of the account. For a small business with takings of £100,000 a year, raising 200 cheques a year and paying into the account twice a week, I estimate that Midland would charge about £220 a year and the Co-op about £640 a year. The Co-op does pay a little more interest on funds held in the account but the Midland would still offer a significant saving for such a customer and it is worth shopping around for such deals.

For a smaller business, raising fewer than 18 cheques a quarter, the Co-Op would be cheaper but for very small enterprises there are building society accounts aimed at small businesses.

The Nationwide Building Society has introduced a Business Investor Account which makes no charges at all for the first six cheques raised each month, charges £2 per cheque raised once this figure has been passed but offsets this by paying 4 per cent gross interest on funds held in the account. For a small business raising 13 cheques a quarter this would be better value than the Co-op.

In an attempt to differentiate their services some banks are also beginning to offer "soft" benefits. Midland runs seminars to which small business clients are invited to learn about Trading out of the Recession or Improving Cashflow to cite two recent seminars which I attended. The were greatly appreciated by the small business proprietors to whom I spoke afterwards.

As the range of services becomes more varied, and as the banks and building societies struggle to differentiate their services, it is worth a few minutes of every small business proprietor's time to review banking facilities to see where savings can be made. And if your bank behaves as ours did, and tries to alter your charges without proper consultation, take it up with the manager and tell him that, if the matter is not resolved satisfactorily, you will take it as far as the Office of the Banking Ombudsman at Citadel House, 5-11, Fetter Lane, London EC4A 1BR

■ *Stephen Halliday is principal lecturer in small business at Buckinghamshire College Business School and author of Which Business? (Kogan Page, £7.99).*

A modern business premises: Sir Thomas Ingilby and the family home Ripley Castle

Good knight out at the castle

***Suzanne Askham** meets a baronet who pays the bills with corporate entertainment*

EVERY DAY, Sir Thomas Ingilby has to find £300 to fund the running of his family home, Ripley Castle in North Yorkshire. To do this, the baronet has turned self-employed businessman.

His main asset is that same expensive castle, to which corporate clients come for dinners and conferences. A typical group consists of 15 to 35 delegates. Other enterprises complement these VIP Events, as Sir Thomas calls them. But the core of the business developed more or less accidentally.

Sir Thomas inherited Ripley in 1974, aged 18. "My chief regret is that I was so young," he says. "As it was, I learned my mistakes at my own expense."

His first move was to open the castle daily to the public. Other revenue came in from tenant farmers (he owns 1,800 acres) and residential leaseholders. But the real business began in 1981.

"It was the year that Harrogate Conference Centre opened," he says. "Several people who knew of the castle asked if they could hold dinners and other events here.

"For the first two years my wife and I did everything ourselves. She cooked, on our own domestic four-ring stove. I laid the table and waited on it, with the help of four cleaning staff. We used chairs, crockery and glasses from all over the castle."

Because the outlay was minimal, Sir Thomas was able to set attractive rates which drew in, among others, a Channel Four launch dinner.

Initially, Sir Thomas added a small profit margin of 10 per cent over costs. Turnover in 1982 was £15,000, and went on to double every year.

During the 1980s, Sir Thomas made the operation systematically more professional. The first, essential move was to build up an in-house catering staff. Ripley's total staff has risen from 17 in the early days to 76.

He also reassessed his price structure. Today, in line with industry practice, he adds a profit margin of 60 per cent over the cost of food, adding overheads and extras at cost. A typical rate for a party of 20 holding a one-day conference with light lunch and refreshments would be £560 including VAT.

His second essential move was to market the castle, mainly on the trade show circuit. "I budget £35,000 a year for this. It's a hit and miss affair – you try to talk to everyone who visits your stand, but it's often the quiet ones who pick up a brochure then run away who later make bookings."

Sir Thomas tried, and rejected, advertising in the business press. "I found it impossible to tell which ads got a result." By 1989, turnover had reached £500,000. The Ingilbys decided the growth justified a major expansion: opening a hotel. There was a suitable building on the estate, but it required substantial funds to get it into shape.

"We took detailed projections to six different funding sources, and received four offers. Our own bank, Barclays, with whom my family has banked for 200 years, longer than they've been Barclays – rejected our proposal." The Ingilbys switched their account to Nat West. "We liked them because they went into it in depth. We feel they will keep us on our toes."

The loan is for £1.2m over 20 years, with endowment policies to cover the repayment. "God, we were nervous; we'd never done anything that big before. But it's working out." Paradoxically, the biggest business mistake he has made seemed absolutely safe at the time. "In 1990 we brought in management consultants who advised us to appoint middle managers. It was a disaster."

The problem was that the Ingilbys became distanced from their clients.

"Suddenly, it was like going into a large anonymous hotel.

"It's taken us three years to undo the mess. One mistake was being too loyal to managers. But today, out of a middle management of six, we've now got three: head chef, admin and accounts.

"We lost hotel admin, marketing and personnel managers. These are the activities my wife and I do – we feel they're the heart of the business. Broadly, she runs the hotel, while I do the marketing and corporate side."

In the past year, they have raised turnover by 10 per cent, to a total of £450,000 in 1992 – less than the heyday, before the recession and the management consultants did their work, but better than Sir Thomas expected. At the same time, by trimming overheads, their profits have risen by 15 per cent.

"We're concentrating on building up our customer base in America and Norway – both are expanding markets," says Sir Thomas, who is spending an additional £25,000 annually on marketing the hotel. "My priority now is to reduce the overdraft, and consolidate. In the meantime, we're always thinking of new schemes to make our package more attractive."

■ *VIP Events, The Ripley Castle Estate Office, Ripley, Harrogate, North Yorks HG3 3AY, tel 0423-770152.*

Brazil's dream slides into anarchy

Continued from Page I

resources or desire to leave Brazil are making a religious migration. Brazil is the world's largest Catholic country but the last few years have seen a mass exodus from the church as faith in traditional institutions erodes. Catholic priests watch in dismay the explosion in Afro-Brazilian religions such as *candomble*, a kind of white magic whose practitioners include the last but one finance minister, who always wore white on Fridays.

Sprucely painted buildings housing protestant sects such as the Universal Church of the Kingdom of God have sprung up everywhere. In Rio, evangelicals control 25 of the 33 radio stations, forcing the bishops to take to the airwaves themselves in self-defence.

The failure of Brazil's institutions to meet the needs of its people makes all the more remarkable last year's street movement to impeach President Fernando Collor – the world's first impeachment of an elected president. So peaceful were the mass rallies that not a single injury was sustained nor window broken. Benito Gama, the congressman who wrote the report accusing Collar of corruption, says: "We really stretched democracy to the limits."

It may have been their last chance, however. The main reason for the outbreak of violence is frustration with the worsening economic situation.

After years as one of the world's fastest growing economies – between the 1940s and 1980s Brazil grew at an average 7 per cent per annum – in the last decade it has seen one country after another overtake it. While Argentina recently sold off its oil company and Chile was described in Washington as a tiger, the Brazilian state still spends its time running manufacturing companies. Four finance ministers and three central bank governors have been defeated in the last year by inflation, which is running at 2,000 per cent per annum, and Brazil has slipped from being the world's eighth largest economy to be the 10th. Last month's relaunch of the Volkswagen Beetle, first produced in Brazil in 1959 as a triumph of its industrial prowess, was confirmation to many of how far Brazil has slipped.

Brazil has had lots of bad luck with its presidents, who have shown an unfortunate tendency to resign, die, shoot themselves or be ousted before completing their mandates. With the end of military rule in 1985, the hope of better days was quickly thwarted when Tancredo Neves died before even taking office. The government of his intended vice president, Jose Sarney, was a disaster, its uncontrolled spending pushing inflation to 84 per cent a month. The young Fernando Collor, with his fighting talk and dashing good looks seemed to provide new hope but while modernising the state was filling his pockets. "We can't keep on disappointing the people," warns Carlos Langoni, an economics professor at the Getulio Vargas Foundation.

'My fear is that the situation will keep getting more like a horror film that never ends'

Today Collor is living out his own form of escapism. Holed up inside his lakeside mansion in Brasilia he tortures himself with geographic proximity to power while his small staff place signed photos in envelopes as if he were a reclusive pop star. Adamantly denying his playboy past, Collor styles himself as an intellectual, seated at a large desk piled with books by the likes of Paul Kennedy, densely annotated with tiny handwriting. But the elder statesman act does not come off, perhaps because of Mont Blanc pens, the fat Cuban cigars and the bestselling book by his brother, detailing black magic sessions during the presidency at which Collor and his wife would dance round dead chickens chanting against their political enemies. Describing himself as a "victim of the elites", Collor says he believes the tide will turn and he will return to "complete my project".

Few Brazilians share his opinion. So angry are they at what is seen as his betrayal that few are prepared to give him credit for the positive changes he inspired. Most Brazilians prefer to forget the fact that three and a half years ago, when Collor assumed office, Brazil was the most regulated and protected economy in the noncommunist world. Prices of everything from bread rolls to cigarettes were fixed by bureaucrats in Brasilia, filling stations were not allowed to offer discounts, or even services such as car-washing, and more than 1,500 items could not be imported including cars, fax machines and computers.

Collor may have changed all that but he and his lieutenant P C Farias were apparently looting the country at the same time. Corruption is nothing new in Brazil, but the audacity of Collor's scheme was unequalled. It raked in more than $1bn, according to police investigations, through 30 per cent commissions on government contracts.

Collor's ouster was an was unprecedented event: a Latin American leader stripped of power for corruption. However, there is little expectation that the notoriously slow justice system will follow up with a jail sentence. Collor is even hoping to regain his political rights, which were stripped for eight years. Farias has changed his name to Born Pablo and fled the country, leaving the police trailing hopelessly in his wake like Keystone cops.

When people see their leaders rape the country it is little surprise that they lose respect for institutions. That this has happened in Brazil is illustrated by the average Brazilian motorists' behaviour – traffic streams through red lights, cars park at random – and by the small proportion that pays taxes – only 7m of a working population of 55m. A survey found that the only institutions to command any respect were firemen and lifeguards.

Is Brazil on the verge of civil unrest – or even a military coup? Francisco Gros, a highly respected banker and former central bank governor, is not so sure that events will be so dramatic. He says Argentina went through 60 years of economic deterioration before implementing serious reform. "My fear is not that we will have hyperinflation or a social explosion but that the situation will just keep on getting worse and worse and more and more anarchic like a horror film that never ends."

FOOD AND DRINK

Smile please, and just say British cheese

***Nicholas Lander** introduces two Frenchmen to the joys of Cheddar, Cotherstone and Spenwood*

CHEFS have two sources of job satisfaction in addition to their pay packet. The first is cooking for a busy restaurant. The second comes from finding the right raw materials to prepare, cook and serve.

These two pleasures are mutually supportive: without the raw ingredients you will not attract the discerning customers. Often such pleasures leave time for little else. Marjan Lesnik, executive chef at Claridge's, London, had not been home for three nights last week because the hotel was so busy, but at the weekend he was up early picking wild mushrooms in Epping Forest, hoping that the rain had brought out the chanterelles.

Until this year, British chefs had seen much of the best produce whisked from under their noses by wholesalers prepared to pay higher prices for trailerloads of Scottish salmon, langoustines, Cornish sea-bass and Somerset elvers. These were delivered, via Calais, to top French, Spanish and Italian kitchens.

Today, the market is changing as the recession affects demand from the rest of Europe. In Spain restaurants have been cutting prices to stimulate demand. In France, two-star Michelin chef André Daguin led a demonstration of more than 300 chefs, dressed in their whites, in an attempt to bring the plight of the French restaurant industry to his Government's attention. The *"franc fort"* policy has put off tourists, recession is cutting corporate entertainment and the industry has little tax relief on its major investment, the training of young chefs. (I took the opportunity of writing to the head of the *Federation National des Hoteliers et Restaurateurs* in Paris suggesting the French equivalent of "Lunch for a Fiver", the *Weekend FT's* scheme for eating out cheaply, only to receive a haughty *non).*

The same circumstances now prevail in Italy, according to Priscilla Carluccio who, with her husband Antonio, has just put together an extensive selection of the best Italian ingredients, available from their shop in Neal Street, London (tel: 071-240-1487). This is the first time that small producers of such delicacies as wild chestnut jam, eight-year-old balsamic vinegar or *panforte* have welcomed orders from the UK. Perhaps this is largely because restaurants in Italy are cutting costs and ordering less expensive produce.

Joel Antunès, the talented chef of Les Saveurs, in Curzon Street, Mayfair, London, (tel: 071-491-8919) is one French chef who has been extremely impressed with the quality of British produce since he arrived here two years ago.

However, because Les Saveurs is French, no-one had bothered to introduce him to British cheeses.

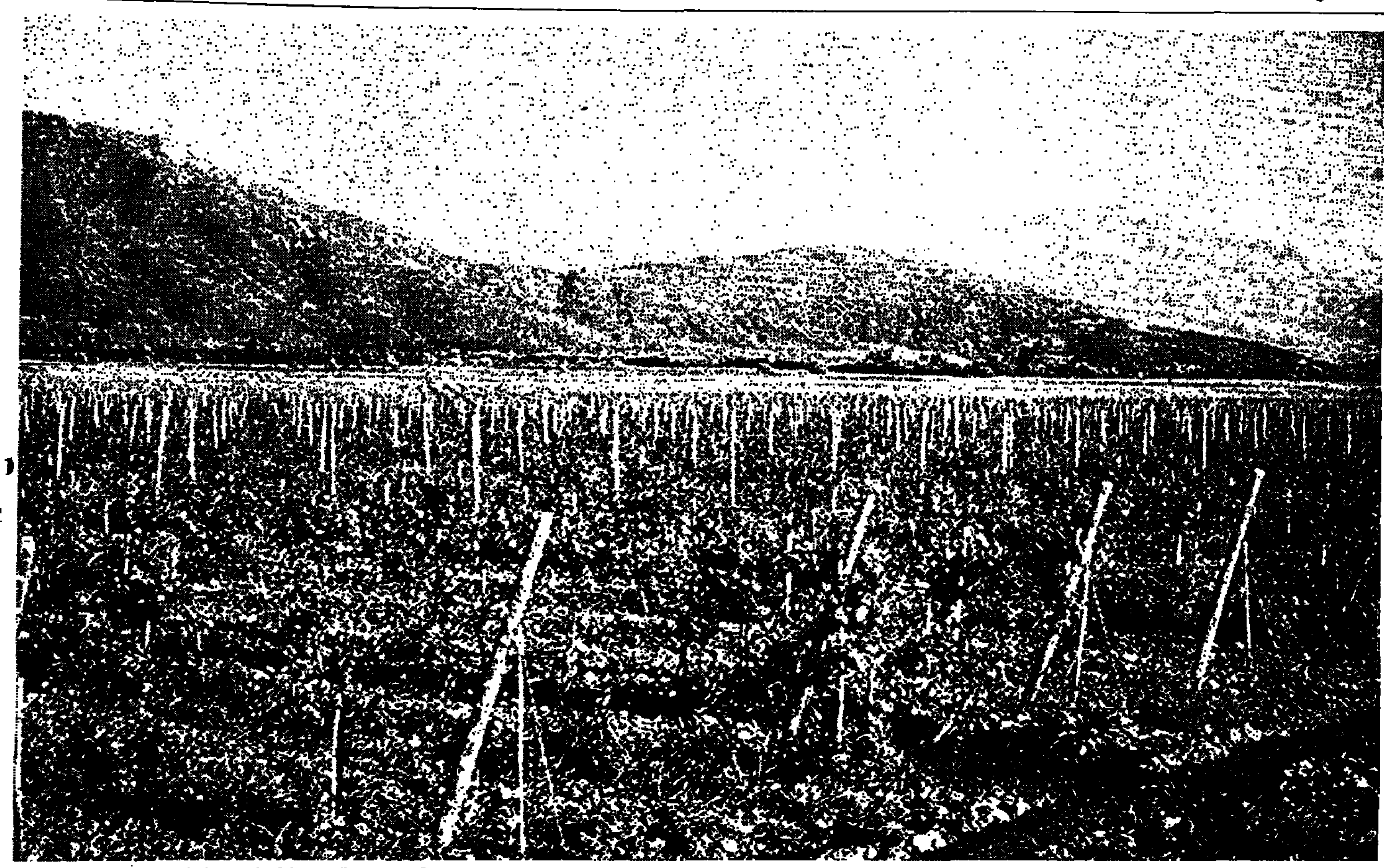
Happily I was able to help bridge that gap. At a test meal organised by the host, everyone was happy with the menu and wines but then came the cheese course. Two mature clarets were being served. Which cheeses, I was asked, would I suggest?

"British," I replied, only too well aware that the chef, manager and sommelier would never consider such an option. I waxed lyrical about mature Cheddar, Cotherstone, Spenwood and Mendip. I even suggested, a cheese tasting at Neal's Yard Dairy, Covent Garden (071-379-7646). Within minutes they replied: they would be delighted to taste British cheeses, something they had never done before. We agreed to meet under the awning outside the theatre in Cambridge Circus where Les Miserables is playing.

At 4pm, in between the lunch and dinner services, I met Joel Antunès, Emmanuel Manjuzan, the restaurant manager and Yves Saubova, the sommelier. As soon as they walked into Neal's Yard Dairy their jaws dropped. Truckles of mature Cheddar; turrets of farmhouse Lancashire, Cheshire and Colston Bassett Stilton; goats' cheeses in all shapes and sizes; buckets of crème fraîche and large pats of bright, yellow butter. Just to make them feel at home, was a shelf of organic jams and mustards from France.

They held out their hands in silence for the cheese tasting, only asking whether the cheeses were "sheep, cow or goat." Twenty cheeses later they had made their choice for dinner – Keen's Cheddar, Spenwood (a hard sheeps' milk cheese from Berkshire) and Gubbeen, a soft cows' milk cheese from Cork, in the Irish Republic) although the cheese they bought for themselves was Harbourne Blue, a goat's milk cheese from Devon.

As they left, with samples for their staff to taste, I asked if British cheese would soon be on their French-only trolley. Back came a very French reply: "As soon as we have our first Michelin star", which, if cooking is the criterion, should be early next year.



A Chilean vineyard with the Andes as a backdrop: until recently Chile concentrated its wine exports on the US

Hot, hot, hot. It must be Chile

***Jancis Robinson** considers the wine trade's latest love affair*

CHILLI IS hot, but Chile is hotter – if you happen to be a British wine merchant that is. Every few years the traditional British wine trade falls collectively in love with a "new" wine region and this seems to be Chile's year. (Even though Chilean viticulture is more than two centuries older than California's or Australia's.)

Such is the price of a flight to Santiago that most wine merchants have to rely on their traditional buying method: a wine trade tasting. At last month's showcase of 28 Chilean wineries' wares in London, merchants from all over Britain were slurping and spitting, all trying to decide between San This and Santa That.

Brand differentiation, like record-keeping and ampelography (vine variety identification), seems to be a relatively unfamiliar concept to Chileans, and exporting wineries include not just San Pedro but Santas Adela, Carolina, Emiliana, Helena, Ines, Monica and Rita.

Until recently Chile has concentrated its wine export efforts northwards, and Chilean Cabernet, Chardonnay and Sauvignon are regarded in the US as a handy cheap alternative to the domestic produce of California.

Indeed, according to one of New York's most famous wine merchants, the reason Americans have been so slow to cotton on to the value on offer in southern France is because they have ready access to the easier-to-understand Chilean varietals – no need to grasp such geographical concepts as Corbières and Minervois.

It is true that Chilean wine comes in basically three flavours – Cabernet, Chardonnay and Sauvignon – and this may well be an advantage in the mass market, but it does illustrate the limitations of the country as a wine producer. Of its 66,000 hectares of vineyard, more than half are still planted with the very ordinary Pais and Muscat of Alexandria vines.

In spite of the admirable decision in the late 1980s to give Chile's wine industry export credibility, involving £67m invested in more suitable vineyards and modern equipment, there is still much work to be done.

For the moment Chile produces a plethora of perm-a-Santa Cabernet, mainly from the Maipo region, which retails between £3.50 and £6 a bottle and is usually perfectly respectable with lots of obvious fruit as it hits the palate. But there is rarely much distinction or structure (oak ageing is another new science), and many of the wines seem to share a bloody, slightly salty character.

Most producers are well aware of the need to demonstrate that Chile can produce truly exciting red wine, albeit in small, top-of-the-market quantities. Santa Rita, one of the more dynamic producers, has developed its beautiful Casa Real label for expressly this purpose, and it is getting better (and more expensive) with every vintage.

Dedicated followers of wine fashion should certainly try a bottle of Casa Real, although at £11 to £13, the 1990 which should reach Harrods, Bibendum and Oddbins by the end of November, is probably less good value than Santa Rita's basic 120 range of unoaked reds at £4 to £5.

They should also try Montes Alpha Cabernet Sauvignon 1989 which is another creditable effort likely to appeal to palates reared on claret, and is available at about £7.99 from Majestic, Oddbins, selected Tesco and Victoria Wine, Lay & Wheeler of Colchester, Terry Platt of Llandudno, Playford of Thirsk, Noel Young of Trumpington, Euro World of Glasgow and Shaws of Beaumaris. Concha y Toro's Don Melchor is another ambitious Chilean Cabernet.

The 1993s Chilean whites, due in the UK shortly, show real finesse in some cases

For a straightforward, well-made, young Chilean Cabernet Sauvignon, the Segu Olle Caliboro 1992 is good value at about £4 from Augustus Barnet.

Chile has made rapid progress in white wine-making recently, however. The 1993s, which should be in the UK before Christmas, show real finesse in some cases (although the Montes Sauvignon 1993 made by Hugh Ryman is one of his less concentrated efforts). An important ingredient here is fruit from Casablanca, the new, ultra-cool, coastal region that proved itself so cool that the 1992 vintage was substantially destroyed by frost.

The most bravura performance is from roving winemaker Ignacio Recabarren. His 1993 whites, under the confusing Vina Casablanca label, will be fine value once they have crossed the Atlantic. The white label versions are made from fruit bought in from the Central Valley, while Casablanca Valley wines are made exclusively from (young) Casablanca fruit.

The white label Sauvignon Blanc 1993 will be £4.99 from Oddbins from late November, and about £5.99 from Wine Rack at the end of this month. Recabarren calls it his "Marlborough style", a reference to his stint in New Zealand where he learnt to blend the produce of shaded and unshaded vine rows, adding a dash of over-ripe grapes, to produce a Chilean answer to Cloudy Bay.

The Casablanca Valley Sauvignon 1993 at £5.99 from Oddbins from November, is more austere, more *au Sancerre* perhaps, and is a worthy reflection of what Sauvignon can do if yields are restricted, with that faint suggestion of Riesling in its combination of strong aroma and piercing acidity.

The 1992 Casablanca Valley Chardonnay is a high tech wine that has been snapped up by Sainsbury who expect to be selling it exclusively, in their 35 biggest stores, by Christmas for £7.99. The much more delicate 1993 vintage should be worth waiting for chez Oddbins at £6.99. Recabarren is also involved in the Vina Porta label.

Chile is likely to produce better and better Cabernet, Sauvignon and Chardonnay during the vintages to come, but it is difficult to see how it will establish a definitively Chilean style of wine along the lines of California's Zinfandel or Australia's Shiraz. Over the Andes in Argentina, on the other hand, there is a rich mix of grape varieties reflecting Spanish, Italian and French influences.

Some of the most exciting South American reds I have tasted this year were made in Argentina: either the Weinert wines from John Armit of London W11 (071-727 6846) or those of Bodegas Norton.

Berkmann Wine Cellars, of London N7 (071-609-4711) is the importer finding enormous difficulty in persuading wine merchants to take advantage of powerful, characterful, juicy Norton reds labelled Sangiovese, Barbera, Merlot and Malbec. (Except Davisons which has them at £5 to £6 a bottle). Trouble is, the wine trade has decided that Chile is The Thing this year.

Why Italians enjoy whisky galore

***Giles MacDonogh** meets a man who turned millions on to malt*

IT MIGHT seem bizarre to sell a bottle of malt whisky costing thousands of pounds in Milan but, believe it or not, Italy and Milan in particular – is full of whisky maniacs.

Walk through the streets of the nation's commercial capital and you will stumble across shops boasting collections that make most of Britain's look insignificant.

One of the best is Donini in the Galleria San Babila (tel: 760-00461, fax 781413) which is run by the Marangione family and tries to stock every malt released on the market. Nor are the prices excessive: recently, Emanuele Marangione had to withdraw some 40-year-old Macallan from sale because Japanese businessmen were buying it and selling their booty for a considerable profit when they arrived home.

It is perhaps significant that Armando Giovinetti's first job in the drinks business was with Emanuele's father, Guiseppe.

Giovinetti, who is credited with turning millions of Italians on to malt, started unpromisingly. In the 1950s, he drifted away from his studies in Rome and made a living sweeping the floors of an hotel.

His professional life began when he peddled a concoction called Gin Rosa. Once he had left the Marangiones he graduated to selling small amounts of whisky, a drink introduced to Italy after the war by GIs, which was seen as a fashionable alternative to grappa.

With the profits he saved enough to make his first visit to Scotland and its distilleries in the mid 1950s. He was too small an operator then to take on a brand, so he looked for a distillery which could offer him a significant part of its production.

Scotland he remembers as a primitive place then: Inverness airport boasted little more than a hut selling tea and biscuits. However, he found the people and the landscape highly attractive.

He found what he was looking for at Glen Grant on Speyside. He liked the style of the "Directors' Reserve", which was run off into new barrels and he along with a young solicitor called Hugh Metcalfe, decided on a modest punt of 2,000 cases of five-year-old malt. This was three years before the Grants of Glenfiddich decided to launch their malt whisky.

Giovinetti thought he could turn malt into big business. He played on whisky's image as a tough-guy's drink beloved of the heroes of Hollywood films who drank neither wine nor grappa.

Besides, he reasoned, whisky was cleaner than grappa which all too often showed traces of methyl alcohol under analysis.

While malt whisky's cleanliness was pointed out to the medical profession. Giovinetti had Glen Grant bottled in miniatures and sent samples to doctors telling them of its uses as a throat medicine. The doctors duly recommended it to their patients – marketing that would not be tolerated today.

Sales of Glen Grant soared to the 200,000 case mark by 1980 and today they are nearer 500,000. Success of this sort attracted the attention of multi-national companies and, by the end of the 1970s, Seagrams had moved in to buy Glen Grant at what Giovinetti feels was an inflated price.

At first Giovinetti stayed on with Seagrams as European president, latterly he was shifted into the position of consultant.

In 1983 he decided to get out and would have retired had it not been for his son, Fabio Massimo, who was just leaving an American university and wanted to sell whisky.

At about that time Giovinetti was approached by his old friend Hugh Metcalfe, then working for The Macallan. The Macallan was a style of whisky which Giovinetti felt the Italians would take to.

He formed an agency business around The Macallan together with Bollinger champagne and Janneau Armagnac (which he now owns). Eventually, it was decided to launch a seven-year-old malt unique to the Italian market.

Giovinetti's nose for the Italian market did not let him down. The "mellow" style of the Macallan seven-year-old was perfect as a long drink with ice for the new whisky drinker.

Macallan now sells 60,000 cases a year despite costing L25,000 (£11) a bottle compared to L15,000 for Glen Grant or L10,000 for a top blended whisky such as J&B.

It is now the eighth best selling whisky on the market, a considerable achievement in a country which is very discerning when it comes to malt: the Italians buy 50 per cent more malt whisky than the British.

It is this connoisseurship which makes Italy so special: "This is the country where malt whisky is best known," says Giovinetti, which is precisely why Macallan-Glenlivet decided to auction its last 12 bottles of 60-year-old malt in Milan.

Appetisers

Weekend FT has received a sackload of mail, following Nicholas Lander's article last week, on how to deal with a partner or colleague who falls asleep in a restaurant.

Just how widespread is this phenomenon is reflected in readers' letters from Spain, Switzerland, Japan, the US and, of course, the UK. Some of your replies and anecdotes were hilarious. We will be printing a selection of them in next Saturday's *Weekend FT* and announcing the winner of our pink champagne prize for best letter.

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Dine-a-Mite is a new charity established to help the hungry and homeless in Great Britain through the hospitality industry. Its opening event takes place on the evening of Sunday October 17 when more than 11,000 hotels and restaurants, covering every type of cuisine and price bracket, will open their doors and donate 50 per cent of their takings to the charity.

To locate a participating restaurant there is a special helpline: for restaurants in London tel: 0891-515525, outside London: 0839-300200. Calls charged at 48p per minute peak time, 36p at all other times.

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Richard and Peter Harden have launched Harden's London Party Guide (£6.95), a book that fills an obvious void at this time of year. It lists more than 900 venues for functions, from the private rooms of restaurants and hotels to the magnificent Wallace Collection museum and Wembley Greyhound Stadium. Another section covers costs, caterers, party planners and party shops.

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Winemakers from Robert Mondavi, Beringer, Saintsbury and Stag's Leap Wine Cellars in California's Napa Valley, are taking time off from their fermenting vats next week and pouring complimentary glasses of their best wines to lunchtime customers at Stephen Bull's Bistro EC1 (490-1970), Christopher's, WC2, (240-4222), Zoe, W1, (224-1122), Le Pont de la Tour, SE1, (403-8403), and Ransome's Dock, SW11 (223-1611).

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Fresh foie gras is available in London at the delicatessen counter of Selfridges in Oxford Street and at Vivians, 360 Kings Road, SW3. You can either buy it by the 2oz slice (about £3.50) or in a 14 oz roll for about £24. It comes from the Landes in southern France. The French often fry it in butter and serve it on a bed of warm lettuce leaves. You can be more adventurous: the chef at the Complete Angler, in Marlow, Bucks, uses it as a stuffing for partridge en croute.

Pauline Hyde, founder Pauline Hyde outplacements, wore a Westwood grey flannel coat, £425 and 'Ingres' waistcoat £125 (the fur is her own)

Susannah Pollen of Sotheby's wears a black velvet corset, £350, cerise satin boule skirt, to order, and platform shoes, £200. All Susannah's jewellery is from a forthcoming Sotheby's sale

Eliza Mellor, a tax lawyer, picked a tartan jacket, £270, and a black velvet split skirt, £120 (there is also a matching cape, £425)

Wearable Westwood passes the test

***Jane Mulvagh** and five friends cast a professional eye over the clothes of a famously outrageous designer – and are pleasantly surprised*

VIVIENNE Westwood has an image problem. While she is keen to be taken seriously as a designer of wearable clothes rather than protest-laden costume, to most her name conjures up platform shoes that Naomi Campbell falls off or nude bodysuits decorated with modesty-feigning fig leaves. She seems to have wilfully driven herself up a marketing cul-de-sac, destined to dress only the impecunious and provocative under-25s.

But British fashion's class clown, like all class clowns, has grown up and seeks our respect. She intends to capitalise on her indisputable talent by building a design empire as impressive as those of her Continental copyists and to harness her skills to a major European couture house.

She is, in addition, negotiating with a multinational pension fund, for the use of a dignified and imposing building in Mayfair with a serious sartorial history. If she pulls that off Vivienne Westwood will really be on the map.

Her company has reached that crucial transition point, like Biba in the early 1970s, between cult and mainstream clothes designer, a point at which it is essential to understand fully both customer needs and pricing points.

Over the past three years some working women, curious enough to break through the popular misconception, have discovered that while 30 per cent of her clothes tend to be impossibly, if entertainingly, unwearable the rest – Miss Marple tweeds, "New Look" tartans, velvet Lord Fauntleroy separates , *Dangerous Liaisons* corsets – are sassy and flattering. She indulges their desire to, at times, adopt a slatternly prettiness.

Her curvy tailoring spearheaded the reaction against hard-edged power dressing and she has long disliked the skeletal figure, often putting women over 60 and pregnant or voluptuous women (regarded by the judgmental fashion industry as fat) on the catwalk, and opening our eyes to sensuousness and gentleness rather than predatory and commercial sex appeal.

Her efforts have earned her two Designer of The Year awards, front-row seats at Dior, Lacroix and Alaïa in Paris in public recognition of her penetrating influence. *Women's Wear Daily* has elected her as one of the top five designers of this century – alongside Chanel and Saint Laurent.

Acclaim within the industry is one thing, but women wearing Westwood for everyday working lives is another.

The *Financial Times* invited five women, ranging in age from their 30s to 60s – a lawyer, a journalist, an auctioneer, a corporate development executive and an entrepreneur – to comment on her autumn collection. Four of them had never worn her clothes and shared the typical preconceptions about her work but all share an enthusiastic appreciation of design, mind about what they wear and have a reasonable budget but little time to shop.

Anna Somers Cocks, editor of *The Art Newspaper*, has never worn Westwood. She is 5 ft 3 in and sports the kind of deliciously voluptuous figure that real men love and the fashion industry loathes.

Scanning the rails she summed up Westwood's appeal: "Her clothes are the transvestite idea of what a woman should look like, converted back into what women can wear and because transvestites have an acute and dramatic sense of what looks feminine, in fact they look wonderful."

Anna loves the way the corsets encourage you to "play at being a 17th century trollop" (her husband insists that she only wear them for him, so winning is their impact!). "The shop makes one feel one is trying on the clothes of other generations, like fancy dress." She feels, though, that, given the price, some of the workmanship and materials are too cheap, though the wools and tweeds are well-made.

Claire Enders, Corporate Development Manager at Thorn EMI, is 5 ft 11 in tall and beanpole slim. She is no stranger to Westwood. "I started wearing her clothes three years ago – those narrow, stretchy gold 'boule' dresses. Her jackets are first-rate and the large shirts with massive collars and big sleeves are magnificent and incredibly comfortable to wear. Her clothes are fun."

Anna Somers Cocks, editor of The Art Newspaper, in a black satin 'New Look' suit and velvet corset. Skirt, £325, jacket £295, corset £265

Claire Enders in tartan suit (jacket, £360, skirt, £280), silk shirt, £120

For the office Claire sees her clothes as an armour. "You're surrounded by the enemy sex." Mostly she dresses in generic executive woman mode, wearing dark suits with longline jackets and short skirts, never trousers, and seeking out clothes that "create good feelings which you project and people think – right, she's cool and in control."

In spite of such self-imposed strictures for office dress Claire found several suitable suits. She admires Westwood's interesting shapes, such as the tucked darts, ruched skirts and romantic jackets, whose clever details "may not be noticed by many but certainly give you a sense of style and confidence. The popular image that she has – all those odd things – actually make you feel good and completely different. They're not glamorous so much as eccentric and interesting. They please me." Her verdict: good jackets, disappointing skirts.

Three of the women feel that the range of sizes is poor, that the skirt/jacket options have not been practically thought out, that the skirt shapes are too "clever" and unflattering and that the shop presentation could be off-putting to a first-time customer. All loved the jackets and coats.

All pictures by Lydia van der Meer

Tights by Golden Lady. Shoes by Russell & Bromley.

Eliza Mellor, a tax law solicitor at Nicholson, Graham & Jones, believes that the uninitiated would have difficulty making the most of the original clothes.

"For example, I did not realise that her rose-bud shirts go with the tartans." Eliza does not have to dress to impress colleagues. "I simply have to ensure that my client feels comfortable and so I mustn't overaccentuate my appearance as they can be scared by too unusual a dress." She loves the tartan jackets, and the capes, finding them warm and pretty.

Pauline Hyde, founder of Pauline Hyde & Associates, an international outplacement agency, is keenly aware of the messages her clothes communicate and throughout her career has carefully dressed each morning with her latest client in mind.

"I was genuinely surprised to find how wearable her clothes are for I had thought of her as wacky and not for me. Her collection is much broader than I had realised and I was delighted that I could find things to wear in my business life. She offers something that is ahead of fashion and yet has shelf life."

Pauline was disappointed by the finish but would have bought some clothes if they had been a little longer through the waist. "I loved some of them but as she does not do made to measure I couldn't walk straight into them. But my perception has been totally changed and she will be one of the designers that I look at when buying in the future."

Susannah Pollen, a director of Sotheby's, is the most daring in her approach to Westwood for, being immersed in the arts, she has a more experimental approach. "Curiously it's easy to make Westwood's clothes look quite conservative and well . . . Sloaney and what's the point in that?" she asks. She chose to wear the infamous platform shoes: "They really have a point, they elongate the silhouette making the clothes look marvellous."

"The positive aspect of Westwood is her imagination. I think the outrageous things are very glamorous and make you feel wonderful. On the negative side some of the detailing can be difficult to wear unless you are very tall."

She, too, felt that more help was needed to enable the customer to understand the clothes and be shown various ways to put the separates together. "Her clothes can be daunting but once you've tried them on they're wonderful."

Four out of the five women ended up buying something for this season; Anna will be kept behind closed doors in her corset, Eliza chose the tartan and velvet outfit for wearing at the Salzburg music festival, Susannah opted for a fake-fur trimmed Harlow-style coat and Claire continues to be a regular customer. And while each lives up to the definition of a modern working woman they have the confidence and femininity to break away from the formulaic notion of working dress – but then Bertrand Russell did say that "Orthodoxy was the graveyard of intelligence."

Architect's drawings of some of the buildings for the Bicestar Village outlet centre due to open next autumn

Big spenders are hitting the factory floor

***Lucia van der Post** reports on the latest shopping fad – one-stop retail 'happenings' that sell top brands at low prices*

Out of Africa by upmarket Wathne is just one of the labels the upmarket outlets attract in the US

IT IS fashionable to think that most of the ills the Western world has been suffering in recent years are due to a familiar cyclical event known as a recession. Some of us – what you might call the deeper thinkers – have other views. We perceive more profound shifts in the psyche than are accounted for by mere economic downturns.

Attitudes to life, to the things that really matter as well as to more mundane, considerations such as expenditure: all have changed so much that the entrepreneurs who make it successfully to the year 2000 will have to be a fleet-footed mix of economist, accountant, trader, sociologist and clairvoyant.

Retailers, in particular, are going to have to be exceptionally nifty. Anybody who nurtures an old-fashioned nostalgia for the days when shopping meant a cosy chat at the corner shop and a dear little man in a striped overall trimming your Sunday joint had better fasten their seat-belts and prepare for a bumpy ride. In the pipeline is a whole range of different retailing experiments to cater for new-age shoppers.

Yesterday, for instance, television shopping in the shape of QVC (Quality Value Convenience) Channel started on BSKyB and though nobody can be sure that we in the UK will embrace it as enthusiastically as our transatlantic cousins it clearly marks a new era.

Factory outlets are another of the coming things. In America they are the fastest growing sector in the highly competitive retail world. They are what students of the genre call "Destination Shopping Centres".

Chuck Bloom, perhaps the daddy of the whole outlet business and the man behind the hugely-successful Woodbury Common and Liberty Village in New York state, has defined the ideal of outlet shopping: "It should never sell stuff that nobody wants. It is over-runs or samples of mostly current ranges that bring in the customers. There should be a good mix of designer labels as well as dresses and shoes and things for the kids. Then you need to be a 'happening' as well, somewhere worth visiting for a fun day out."

Outlets are not round the corner from anybody. Nobody goes there once a week. What Mr and Mrs Middle America (or a whole gaggle of Mrs and Miss Middle Americas) seem to do is to plan a visit as they might a jaunt. They make a day of it, buying junior's new trainers and anorak at the same time as they pick up a new designer frock, a few presents, Dad's socks, having a jolly good lunch and coming home all the cheerier for a good day out.

"The mall," say some observers of the American scene, "is the latterday village green," and nowhere more so than the outlet mall. Whether the concept will work as well in Britain remains to be seen...

'The mall, say some observers, is the latterday village green'

In Hornsea, East Yorkshire, the Hornsea Freeport Shopping Village has been operating successfully for three years, selling a range of reduced price clothing and china from 17 different tenants. However, few in the more densely populated south east and Midlands seem to know about it.

At Street in Somerset, Clarks Village, modelled carefully on the American genre, is up and running. A themed village with plenty of parking, nicely arranged shops, good restaurants and children's play areas, it sells a raft of merchandise from 22 well-known names (Laura Ashley, Benetton, Aquascutum, Dartington Crystal, Royal Worcester) all at prices discounted by up to 60 per cent.

More factory outlet malls are in the pipeline. Gerald Ratner, the former jewellery shop magnate, is advising the consortium that bought Tobacco Dock in London from the receiver when it went bust. "I first decided outlet shopping was the coming thing," he says, "when I found that the Calvin Klein boxer shorts I paid $8 for in New York and £8 in London's Harvey Nichols, were on sale at $1.75 at Bells in Orlando.

"What I want for Tobacco Dock is to get bargains in big designer names like that – that is what gives the mall its glamour in America."

Still angling for top-quality tenants, too, is Value Retail, a consortium which opens a 105,000 sq ft purpose-built outlet village outside Bicester, Oxfordshire, next autumn. Modelled on the Woodbury Common and Liberty Village outlet centres it plans to make sure that the mix of shops is right and that the merchandise is irresistible.

For the consumer perhaps the biggest disappointment initially is the prices – they are good but not as low as one expects. I arrived at Woodbury Common and Liberty Village expecting the kind of free-for-all and mouthwatering prices that I had found when bargain-hunting on the Lower East Side of New York. I found nothing of the sort.

Here were smart shops, each clearly labelled – Calvin Klein, Donna Karan, Cole-Haan, Stileman – selling current merchandise at prices that were reasonable, but far from dead cheap. On average prices seem to be 30 per cent lower than full retail on things such as china, glass, luggage and shoes and about 50 per cent on the highly fashionable items. But – acid test – I (and my companions) all bought *something*.

Chuck Bloom himself admits: "They're not giving the merchandise away. Nobody is selling rubbish. The customer these days is sophisticated. He or she knows the labels so although $600 may still be a lot to pay, it is less than the $900 they know it will be selling for in Manhattan."

If Value Retail can get those sorts of names at those sorts of prices, the purveyors of the coach trips swanning through Oxford and Stratford-on-Avon may soon find another destination even more popular with their punters. We shall have to wait until next autumn to see but in the meantime watch this space – factory outlets are on their way.

Brass buckles, $36 from Wathne at Liberty Village in Fleming, New Jersey

Kim Dalzel

Black and white jacket with velvet collar, a sample from Stileman at Woodbury Common outlet village, upstate New York, $150 (was $260)

Paper roses in all their glory

FOLLOW the silk road to Clapham and you will be amazed at what you will find. There, in her own house, Helen Hardy sells an amazing collection of vibrant fake flowers: daisies, Easter lilies, sprays of fuchsia, purples bunches of lilac and roses, roses, roses.

These are not the fake flowers of yesteryear, all hideous plastic and harsh colourings. These are enchanting versions made from silk and parchment that can save the day for those who love rooms filled with bowls and vases of flowers but cannot always be sure of finding real country roses, the right greenery or the particular collection of sweet spring flowers they crave.

Hardy sells all the stems individually (including a big selection of greenery) and she will send out a price list on request. A fuchsia spray, costs £3.20, a single medium rose, £1.40, a bud blossom, £2.30. She will also happily make up arrangements – some customers just ask for a country look or a collection of country roses and are usually, it seems, well-pleased with the result.

A formal collection in a large container – like the one shown left – suitable for a grand reception or a large drawing-room, might cost as much as £240, but a simple collection of country flowers could be had for about £30 (and just think how long they will last!).

■ *Helen Hardy, 33 Larkhall Rise, SW4. Telephone: 071-720-5780.*

L v d P

Chanel's secret classics

CHANEL No. 5 is possibly the world's most famous perfume and Cristalle and Coco also have their fans but what few know is that there is a clutch of Chanel perfumes that are more exclusive still – Gardenia, Cuir de Russie, Bois des Iles and No. 22. All four were originally created in the 1920s in the heyday of Coco Chanel at roughly the same time as the ineffable Chanel No. 5 and by the same *parfumier*, Ernest Beaux.

While Chanel No. 5 caught the imagination of the sophisticated world, the other four found smaller audiences in the Chanel boutiques in London and Paris where devotees buy them to this day. Those who

wear them know that they are members of an exclusive little club for so few know of these perfumes' existence.

For those looking for a perfume that stood the test of time but still has an aura of *recherché* glamour, go to the Chanel Boutiques (which are the only places to sell them) and ask to sniff the perfumes.

Some like the sweetness of Gardenia, others the spiciness of Cuir de Russie, the exotic floral notes of No. 22 or the rich boskiness of Bois des Iles but whichever is the one for you, rest assured you will not be smelling it everywhere.

200 ml bottles of Eau de Toilette sell at £59 each, 14 ml and 28 ml of the *parfum* at £69 and £113.

A splendid present would be the set of three crystal bottles of 7.5.ml of *parfum* of Gardenia, Cuir de Russie and Bois des Iles for £165.

L v d P

Kits give a new meaning to DIY – découpage it yourself

MOST of us have come across *découpage* work at some time or another and marvelled at its beauty, its finesse, its intricacy but few of us, I imagine, ever dreamed that we might do it ourselves *writes Lucia van der Post.*

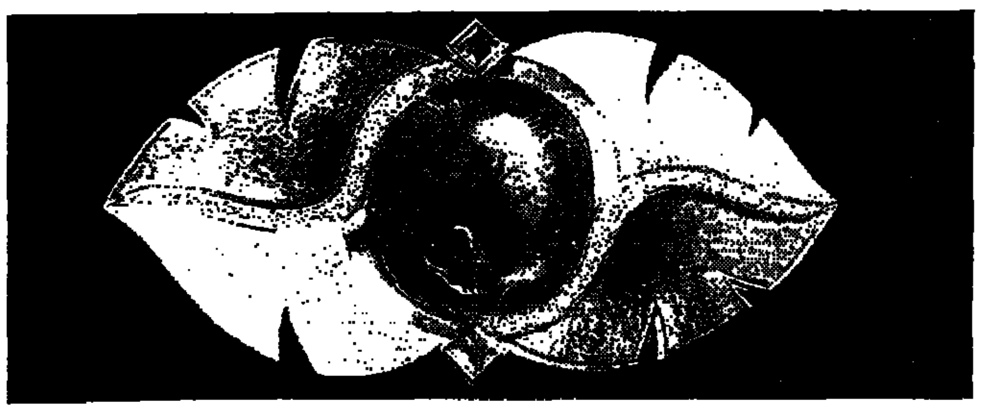
Découpage, in case the you are unfamiliar with the technique, involves using stencils, cut-outs, pictures, photographs to embellish anything from a tray to a screen or a piece of furniture. The pictorial elements are stuck on and then covered in coats of veneer to strengthen them. If you have the talent or inclination for time-consuming creative work there is no reason why you should not embark on this elegantly decorative craft.

Belinda Ballantine, who has run decorative painting courses and clearly has limitless skill and patience for embellishing domestic objects, has produced a little collection of *découpage* kits which simplify the whole fiddly business.

The simplest of Ballantine's kits is the starter. For £15 you get a small box, the suggested designs and the rest of the necessary equipment. Trays start at £14.50, candlesticks at £18, and a planter is £18.50. She has written a book on the subject – *The Découpage Kit* – which covers the technique in much more detail and offers more suggestions.

The prime function of the kits, it seems to me, is to offer a smooth and easy introduction to the skill – once the basics have been learned endless decorative possibilities can be indulged in.

■ *Write to Belinda Ballantine, The Abbey Brewery, Market Cross, Malmesbury, Wiltshire SN16 9AS for her leaflet listing the kits and for any other details.*



A jewel of a show in the City

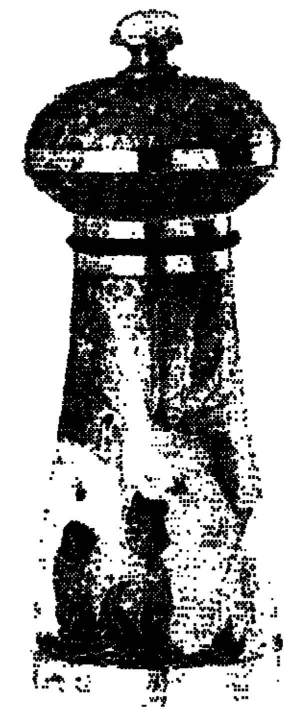
READERS WHO have been faithful followers of the annual jewellery and silverware fairs at London's Goldsmiths' Hall should note that this year's fair runs from October 4-9.

The fair used to be called Loot. It has always been a mecca for those looking for jewellery or silverware for themselves or for presents and, possibly more important, it is a chance to see a wide range of work from Britain's most talented designers.

This year's fair is no exception – from the glimpses I have had the standards are as high, the innovations as interesting and the designs as fine as ever. You could spend as little as £30 on a pair of earrings, or a great deal more on commissioning a set of table silver. Two of the most exquisite pieces on show are photographed here. Do not be discouraged by their prices, there is a great deal of choice at less than £100 and even more at less than £300.

The brooch, by Stephen Webster *(above)*, is in 18 carat gold and features a carved citrine in the form of a lion with blue/green tourmalines and matching enamel highlighted with pavé set brilliant diamonds for £7,000, while Maureen Edgar's silver pepper pot *(right)* is turned into an object of great beauty by fine cloisonné enamelling. It costs £2,500.

The exhibition starts on Monday 4 and is on until Saturday 9. It is open every day from 11 am to 7 pm except Saturday when it closes at 5 pm. The £1 entrance fee includes the catalogue. The Goldsmiths' Hall is in Foster Lane, London EC2V 6BN.



L v d P

Two hot favourites for Europe's big car prize

***Stuart Marshall** has his own ideas on who will take the laurels*

NIGHTS DRAW in, the London Motor Show looms and marketing directors of car makers have but a single thought: will we win Car of the Year 1994?

There are more car of the year competitions than you could shake a gear stick at, but the big one is European Car of the Year, decided by a panel of nearly 60 motoring journalists. I am not among them so I feel free to forecast the result.

A potential Car of the Year must have been available in five markets with the prospect of at least 5,000 sales each year. This rules out exotica such as Ferraris and Bugattis. The most extravagant cars ever to have won were the Porsche 928 in 1978 and the Mercedes 450 V8 (1974).

A win is worth millions in free publicity although it does not mean the car is a technological masterpiece or a sure thing in the showrooms.

Would you believe the Rover 3500, Chrysler Horizon, Lancia Delta and Renault 9 were European Cars of the Year in their time? And that the first, trend-setting, best-selling VW Golf was passed over. Sometimes – like last year when the British-made Nissan Micra was the jury's choice – the entries are so thin the result is almost a foregone conclusion.

In others – as in 1991 and again this year – the field is so large that picking a likely winner can be tricky, even assuming all members of the jury put national prejudices to one side and vote objectively.

This time there are 15 names in the frame and two hot favourites, the Ford Mondeo and Citroën Xantia. They replace mid-range favourites – Mondeo the Sierra, Xantia the BX – and have been selling well. Mondeo can be had as a four-door saloon, five-door hatchback or estate; Xantia only as a five-door hatchback at present.

Both are all things a modern car should be: mechanically refined, quiet and comfortable performers, with good safety features. If the jury gives more weight to passive safety than, say, the benefits of self-levelling, semi-active suspension, then Mondeo will win. (It comes with a standard driver's airbag which the Xantia lacks).

But the Xantia's styling – unlike the Mondeo, you would never take it for a Mazda, Nissan or Toyota – and its ride, handling and roomier rear seats must pick up extra votes. The clincher could be the sheer urbanity of the higher-geared turbo-diesel versions of Xantia which currently have no rival in their size and price class.

Renault's Twingo, which looks like a miniature Espace and took the 1992 Paris *salon de l'automobiles* by storm, and General Motors' (Opel or Vauxhall) Corsa should be well up in the field. But neither is likely to win, if only because last year first and second places went to a brace of little cars, the Nissan Micra and Fiat Cinquecento.

Also likely to be among the front runners is the Saab 900, first fruit of the marriage between Saab and General Motors. In every way a worthy car, it is still strongly Swedish though less overtly masculine in character than the old 900.

A strong mid-field challenge to the Saab is likely from the Mercedes C-Class, replacement for the very successful 190 and crucially important for its embattled manufacturer. Those not quite identical twins, the Honda Accord and Rover 600, are slightly upmarket of Mondeo and Xantia and have been entered separately. Will the jury come down on the side of the Accord's price-for-price better equipment or the Rover's lovely interior?

If the Citroën ZX could not take last year's award – many thought it was voted down simply because too many French cars had been winning – the Peugeot 306 which shares all its mechanical components is unlikely to be among the leaders this year.

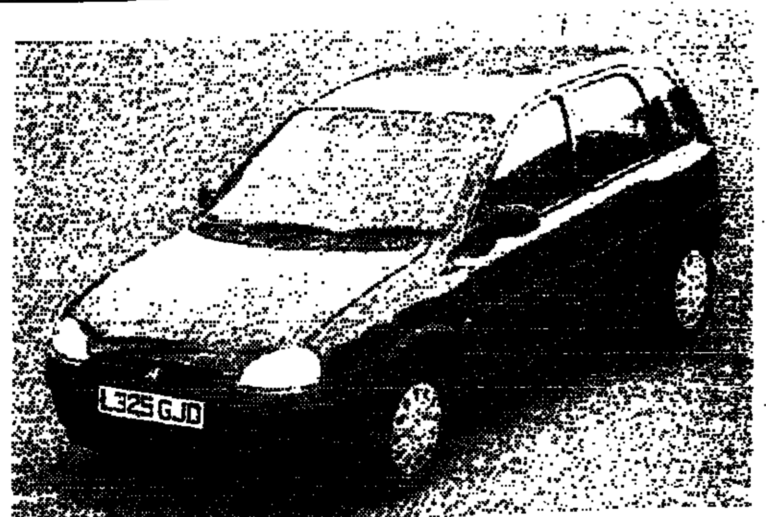
Of the remaining six long shots, the new Seat Ibiza will probably attract more votes than the Daihatsu Charade, Lancia Delta, Mitsubishi Galant, Nissan Serena or Hyundai Impreza.

The jury is out and its verdict will be delivered a few weeks hence. Were I to be making a book on Car of the Year, the odds I would chalk up on the board are: 4-5 Citroën Xantia; evens Ford Mondeo; 2-1 Renault Twingo and Opel (Vauxhall) Corsa; 3-1 Mercedes C-Class and Saab 900; 5-1 Rover 600; 9-2 Honda Accord; 12-1 Seat Ibiza and Peugeot 306.

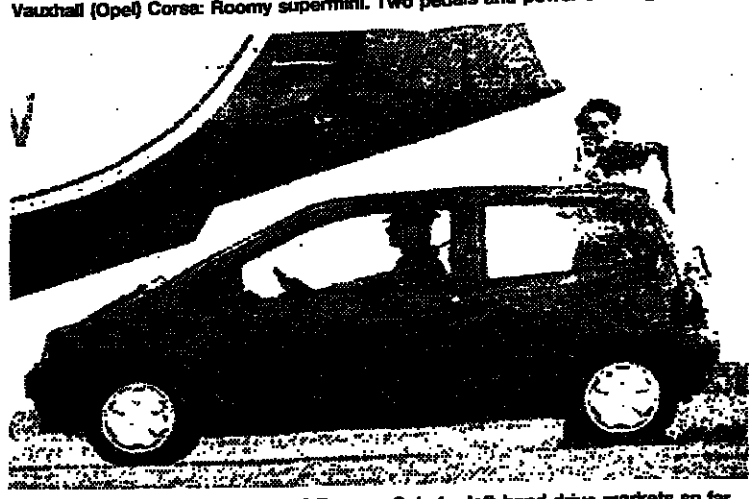
The contenders include: Citroën Xantia, Daihatsu Charade, Ford Mondeo, Honda Accord, Hyundai Impreza, Lancia Delta, Mercedes C-Class, Mitsubishi Galant, Nissan Serena, Peugeot 306, Renault Twingo, Rover 600, Saab 900, Seat Ibiza, and the Vauxhall (Opel) Corsa.

Ford Mondeo; airbag is standard. Saloon, hatchback or estate car bodies available

Citroën Xantia; elegant styling, sophisticated suspension, best turbo-diesel



Vauxhall (Opel) Corsa: Roomy supermini. Two pedals and power steering if required

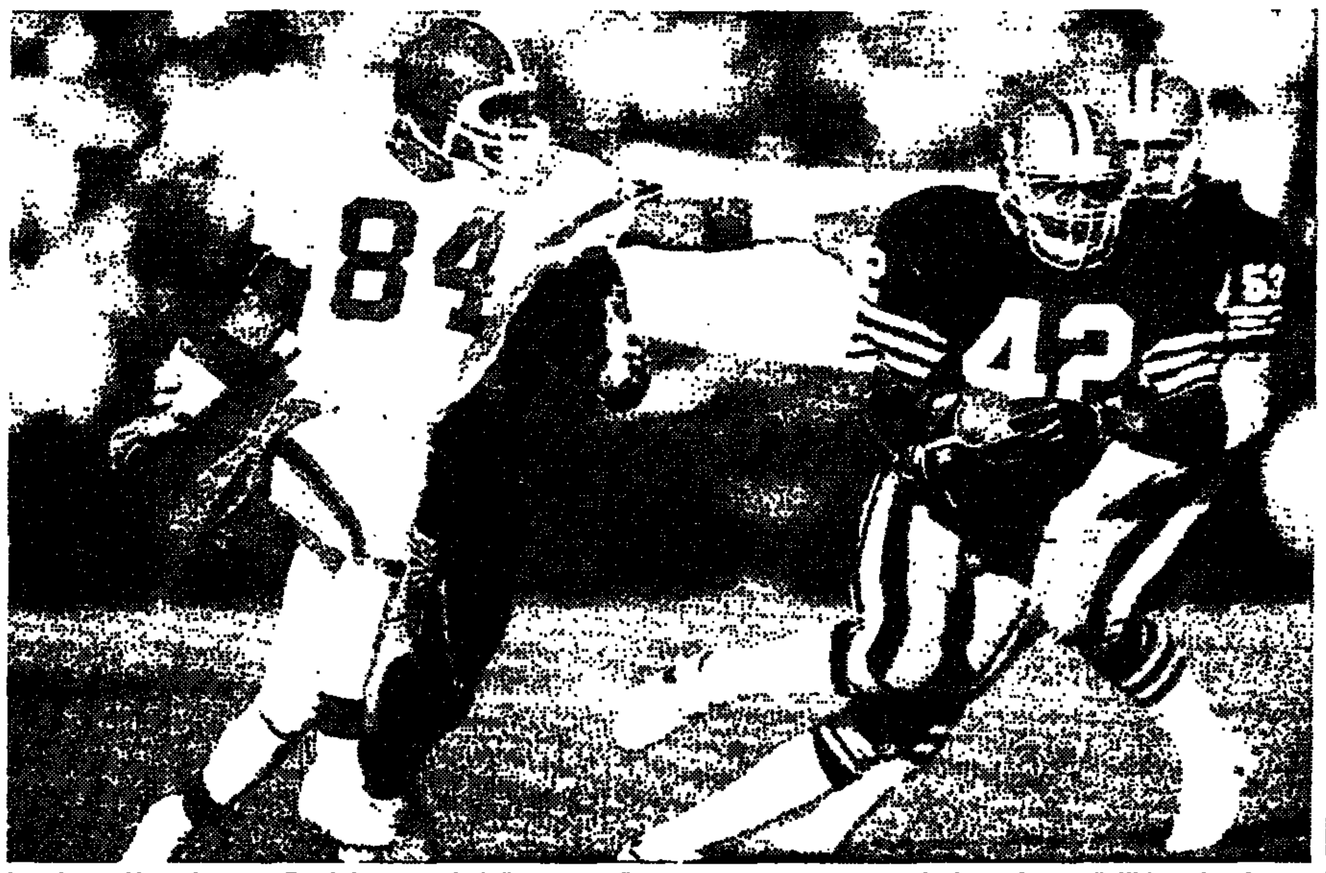


Renault Twingo: Small, saucy mini-Espace. Only for left-hand drive markets so far

American Football

Life as a heavy hitter

***Patrick Harverson** meets Ronnie Lott, master of the kamikaze tackle*



Lott gives and Lott takes away: Ronnie Lott grabs the ball for the San Francisco 49ers and escapes the clutches of Cleveland's Webster Slaughter

ON AN overcast, humid day, a squad of American football players strolls off the New York Jets' practice field after the whistle sounds to end the morning session. In a distant corner, a lone figure stays behind.

For the next 10 minutes, he charges a tackling dummy. Knees bent, body low to the ground, he hits the padded dummy at full speed. Each time, he drives the dummy back a few yards before wrestling it to the ground. When he finishes, uniform soaked in sweat and helmet pushed high up on the top of his head, he walks back to the locker room, stopping to sign autographs for a small crowd of children.

Showered and rested, Ronnie Lott, the Jets' star defender, sits down happily for a chat in a cramped office behind the practice facility. The extra workout on the tackling dummy was typical of Lott. "I think it's important to spend a little extra time practising," he says. "It makes you more confident."

Lott is 34 and in his 13th season in the National Football League, yet he displays the enthusiasm of a player fresh from college. In the 1980s, he anchored the defence of the San Francisco 49ers. He helped the team to win four Super Bowl in nine years.

In 1991, he left San Francisco for a brief stint with the Los Angeles Raiders before signing this year with the Jets, who have won two of their first three games and are tipped to make the playoffs.

Most NFL players are fortunate if they last four years. For a defensive player who hurls his body into opponents, Lott's longevity is miraculous. It has surprised even Lott himself. "When I started, I expected to play about eight years."

He says fitness, extra training and a mix of conventional medical treatments and unconventional healing techniques have allowed him to survive for so long. A lot of it, he says, is about adopting a positive attitude: "It's amazing how strong your mind can be in helping your body heal."

Lott is a "safety". He roams behind the defensive lines bringing down runners or intercepting passes. "You're the last line of defence, the guy that tries to make sure everything stays in front of you."

The safety must be a leader and possess a good footballing brain. "You spend a lot of time directing people and coordinating positions. If someone blows an assignment, you have to cover up for them. You have to understand everything that's going on in the game. Your job is to make sure you give your team one more chance to line up."

Lott's tackling is legendary. Even if you rarely watch American football, you have probably seen him on one of the highlight videos that show the sport's brutal collisions, hitting opponents with bone-jarring tackles. The secret to good tackling, or "hitting", is catching the target off-guard, he says.

"Some of the best hits you see are when a player is running, and all of a sudden he doesn't see the other player, and BOOM, the guy whacks him, catching him off balance. You have to be able to hit him before he's ready for you."

Lott talks about his art with little emotion, just a cool description of how to create mayhem. "When you go to hit somebody, it's like you have blinkers on – you cannot see anything but the target. As soon as you hit the target you release your energy ... you need that to make sure they go down."

What is it like to bring down a charging 250-pound running back?

"Sometimes it hurts, sometimes it doesn't. It's like if you're a baseball player, and when you hit a pitch at the end of the bat and your hands start to ring ... that's because you didn't hit it at the right spot – the sweet spot. A lot of the time it's the same thing in football. If you do not hit them in the right spot, you ring a little. Yet, sometimes you hit a guy and you get right up as if nothing happened." That, he says, is when you know you have hit the sweet spot.

Lott says he never intends to put an opponent out of the game. "I don't want to ever hurt someone deliberately. But I want that guy to know that I've given him everything that I have. If I'm out there to hurt them, they are not going to respect me."

Lott is famous for the burning glare he turns on opponents during games. He admits he can be intimidating.

"I don't try and intimidate people with the way I look, that's just part of who I am. I walk out on the street and people go: 'Why don't you smile? What's wrong with you?' And I say: 'That's just me.' Some days it frightens people.

"To a certain extent, I do enjoy violence. Violence is not necessarily destructive. Violence can be constructive. Everybody has a little violence in them. Some people use it the wrong way, some people use it a positive way."

Although he has suffered countless concussions, Lott is still in one piece. Well, almost. In 1986, he chose to have the tip of a mangled finger amputated rather than miss part of the season recovering from the surgery needed to save it. Lott views the threat of serious injury as an unavoidable part of the sport.

"You've got to have that Chuck Yeager attitude – the Right Stuff – to play this game. You can't be defeated by the fear gods. They're there, always tapping you on your shoulder, but you have to somehow block them out of your mind.

"The game is a lot tougher than fans think. If someone thinks they can play football, throw a ball up into the air for them, and just before it hits their hands, grab a baseball bat and hit that guy on the back of his head. If he can hold on to the ball, then he can play."

In this game, Lott is always the one with the bat.

Rugby Union/Derek Wyatt

How Bath play the power game

JACK ROWELL is the managing dictator of Bath rugby club. The charismatic coach from Hartlepool in north east England has created a centre of rugby excellence that is the envy of the world.

His record since becoming coach at Bath in 1977 is extraordinary, having already achieved success at the helm at Gosforth (Cup wins in 1976 and 1977), he has won 11 trophies since 1984 (four league titles in six years; seven cup victories out of 10) at Bath.

After Bob Dwyer, the Australian coach, took his club Randwick to five Sydney premiership titles he became national coach. Rowell has not had such luck. He has only just been re-admitted to the inner sanctum at Twickenham. Last year Rowell took the England B side to New Zealand. This year he was shunned and did not accompany the England A side to Canada in the close season (where England lost a test to Canada for the first time). This was a disgrace.

Three weeks ago, Rowell was given back the England A side and will prepare it for the battle against the All Blacks at Gateshead on November 7. Rowell should have his sights set on succeeding Geoff Cooke, the England manager, after the 1995 World Cup and Bath know they must find a successor.

The favourite is Stuart Barnes, the England fly half, but he said: "It's not for me. It's natural that people should speculate that as I have been associated with most of Bath's successes of the last decade that when I retire I would want to take on Jack's role. But, I see it very differently."

The balance of power in the club is changing. Many of those who have run the club for the past four decades have found recent changes hard to accept. Several were forced to resign at an extraordinary general meeting this summer.

Roger Berry, a former chairman and player, said: "The way rugby is going it is inevitable that there are two heads to a club, the administration which makes it possible for the game to be played at all levels right down to minis, and the coaching and playing staff who create our success on the field.

"It's clear that most senior clubs will have a chief executive officer before the decade is out. The game is simply so big. No individual can run the club. It's a 24-hour, seven days a week business and it has to be professionally managed."

"The problem," said John Roberts, a former chairman and club captain, "is that a paid officer cannot vote under the existing rules of most clubs and so might feel hemmed in. The ideal scenario would be two paid officials – one who is head of administration and the other who is head of coaching but they would be answerable to the executive committee of the club."

Such a development would mean clubs having to pay £80,000 in salaries which in turn means they would have to be turning over £800,000 (assuming a 10 per cent profit). Bath is not in that position.

Colin Gale, the recently retired honorary treasurer, said: "Bath made a profit of £35,000 after depreciation in 1989, less in 1990, a loss of just under £5,000 in 1991 and a £55,000 profit in 1992. I doubt if it will be more in 1993 because we were knocked out of the Pilkington Cup." The turnover of the club in 1992, net of VAT, was £450,000.

Bath is a small city with a population of 80,000. The ground could hold many more than the 8,000 who regularly cram into its tight borders.

Bath's success has meant they have not had to enter the "transfer" market. Most of its players are local and in a previous decade would have gone more naturally to near neighbours Bristol or farther up the road to Gloucester or Newport. Those who have come from afar include Tony Swift from Swansea, Ben Clarke from Bishop's Stortford, via Saracens, Victor Ubogu from Richmond (he lives in London and travels down to Bath three times a week) and Stuart Barnes and Jon Webb who both came from Bristol.

'The game is simply so big. No individual can run the club'

The rest – Guscott, Hall, Reed, Chilcott, Sole, Halliday and so on – were drawn from the club's hinterland. Rumours abound that somehow the players are either given incentives or paid. This was denied by Gale: "We have to send our audited accounts to Somerset RFU and they have raised the occasional comment with respect to players expenses mainly in the region of medical expenses (£25,000 in 1992) and travel expenses (£35,000 in 1992). But they have always confirmed to the RFU that our accounts are in order."

"The point is," said Barnes "that we do spend money on our preparation.

"Every one wants to beat us and most weeks our games are like an FA Cup final for our opponents. This year with home and away in the Courage league this will be heightened farther. For away games we leave Bath on Friday afternoon and stay overnight in a quality hotel so that we are ready mentally and physically the next day. (Away expenses, for all the club's four senior and many youth teams, were £33,000 in 1992) There simply isn't any other way to stay on top. We must be as professional prepared as any first class athlete."

Cash and carry

BATH rugby club is in a win-win situation. In January, the Department of Environment will rule on whether or not their training ground at Lambridge can be sold to Tesco's for £17m.

The ground lies at the edge of the city at the junction of two of the busiest roads. If Tesco's planning application is turned down, the city council must build a park and ride on the site. Sadly for the club this will mean they only receive, depending on who you talk to, a cool £5m, or after the third bottle, a rather less modest £14m.

In some ways, the club has stopped thinking about the "what-if" situation. It has already taken an option on another training ground but is in a quandary about whether it should keep playing at the Recreation Ground, move up the hill to the university and build a 20,000-seater stadium or opt for an even more spectacular solution, perhaps with Bristol Rovers soccer club.

The problem is that the club does not own its ground. It is leased from the city until 2065, and other sporting organisations share it, including Somerset County Cricket Club whose square limits building possibilities. The shift to four-day county matches has made Bath Festival Week less attractive financially to Somerset. If the county retreats entirely to Taunton, this would allow the rugby club a freer hand.

Bath rugby club probably wants to stay at the Recreation Ground and see the site fully developed. But this is unlikely. The city council, though more supportive of late, would not welcome an all-seater stadium.

The compromise? Well, just to stand still, the club hopes to raise £1.5m by the end of the year to build a new stand on the south face of the hideous sports centre the council built by the pitch in the 1970s. The money was more or less committed but last week Courage, the brewer, withdrew £500,000 of sponsorship for the stand. The stand will hold seating for 400 and 19 hospitality boxes which are being offered at £10,000 a year – a minimum of 20 home games. Even sub-let for one match the price compares favourably with Gloucester, £1,000 per match day and Harlequins, £2,500, albeit for groups of 25 or more, or, outside rugby, with £1,200 at Arsenal and £1,600 at Surrey cricket club.

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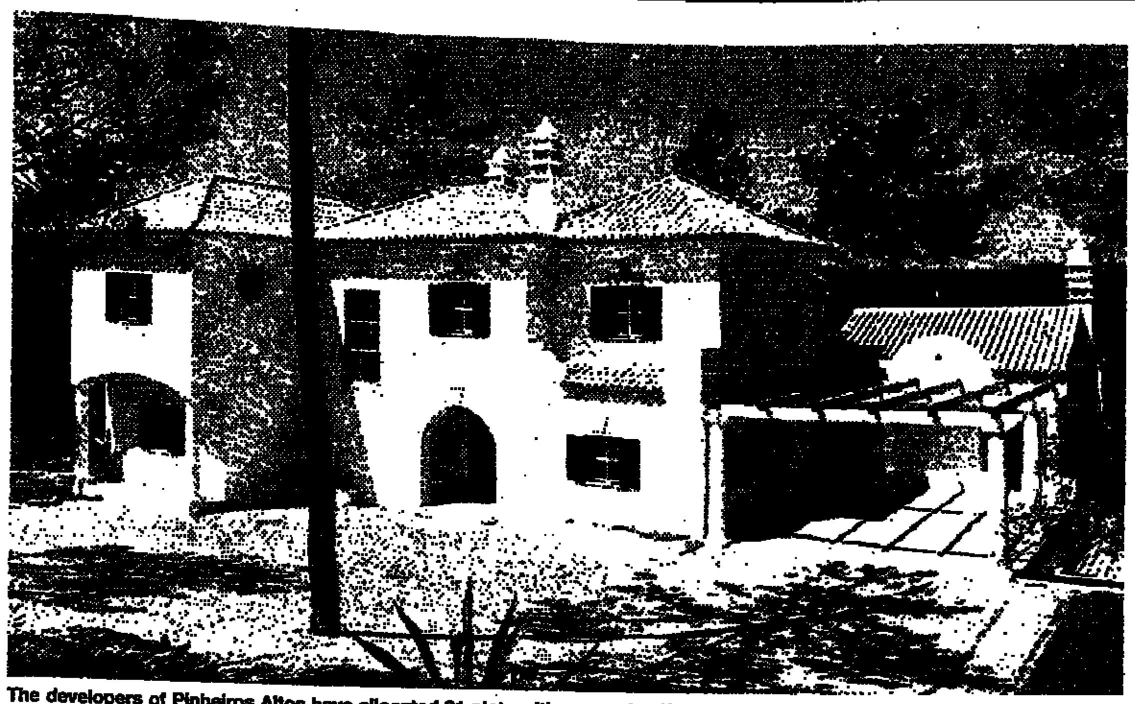
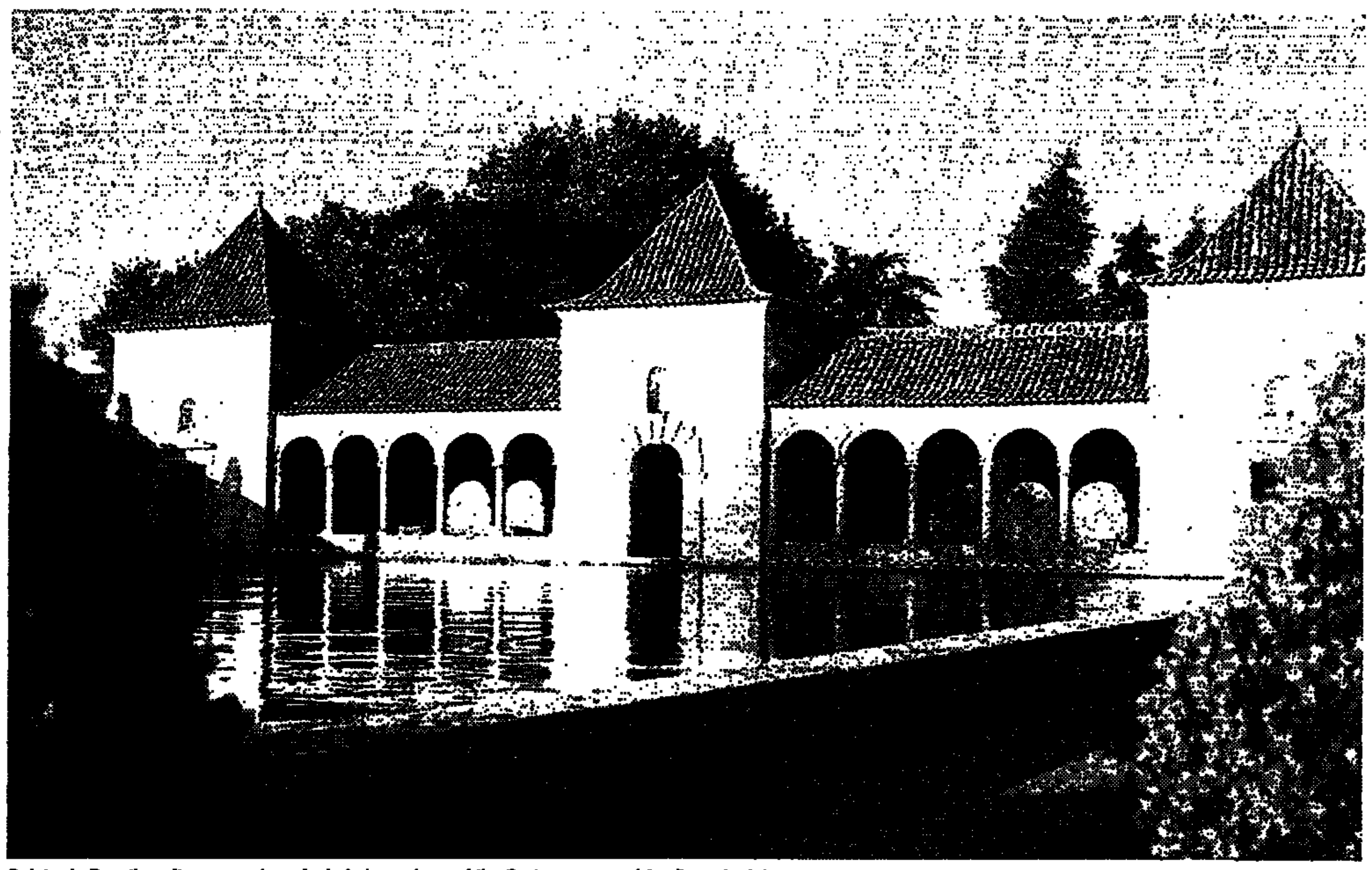
PROPERTY


The developers of Pinheiros Altos have allocated 91 plots with secured golf membership


Quinta da Bacalhoa: its owners have included members of the Portuguese royal family and aristocracy

Finding a palace in Portugal

Audrey Powell visits old and new properties throughout Portugal

ONE OF the oldest surviving private houses in Portugal is for sale. Quinta da Bacalhoa, at Azeitao, 20 miles south of Lisbon, can variously be described as a manor house, country estate or summer palace. Its owners have included members of the Portuguese royal family and aristocracy who either cared for, or neglected, it. Its last buyer was Orlena Scoville, an American, who became so obsessed with the house when she saw it as a ruin, on her first visit to Portugal in 1935, that she spent the last 30 years of her life restoring it.

The house was probably built in the early 16th century but most of its records were lost in the Lisbon earthquake of 1755. At the end of the last century a Portuguese scholar published a book about it and from this, and the advice of experts, Scoville restored the building to its original state. Mysteries remain, such as why it was built in its Islamic/Italian style and its name has never been satisfactorily explained.

Behind the high estate walls the main building is L-shaped, with domed towers. The residential accommodation is on the upper floor. It is not large but there are dining, drawing and sitting rooms, a library and bedrooms. A sunken marble bath is in one tower, a chapel in another. The house can sleep 10 and there is staff accommodation at ground level. Decorated, glazed tiles outline windows, doorways and skirtings and cover large sections of wall. Some are the oldest in Portugal. Altogether Scoville catalogued more than 70 different designs.

There are also loggias, an arcaded pavilion, a vast reservoir tank, and the garden which, with its box parterre, fountain, tiled seats and boxes, is visited in its own right. Scoville died in 1967 but the property remained in the family and is now owned by her grandson, Thomas, who lives in Washington. Because he and his family are only able to spend a few weeks a year at Quinta da Bacalhoa he feels he must sell. He employs six staff and lets the house for eight months each year. Receipts from letting and from the vineyard cover running costs. He is asking $8m (£5.10m) for the property and its 14 acres, which include the vineyard.

Some 15 miles north west of Lisbon is Sintra, an area noted for fine, old properties. One of these is the 19th century Quinta do Biester, a fairytale mixture of turrets, steep-sided roofs and Gothic windows, built by a German industrialist. Restored frescos are a feature of the property. The house has 35 rooms on four floors and stands in 22 acres, part of which is an arboretum. Hamptons International is asking £2.8m.

By contrast, in the same district is the square, dusty pink Quinta da Ponte Redonda, an 18th century home on three floors, with seven bedrooms, an annexe, farm manager's house and several outbuildings in 27 acres. Price £1.4m, also through Hamptons.

Developers the world over complain of planners and Portugal is no exception. Beltico is a Portuguese/British consortium which took over the 550-acre Praia d'el Rey estate, near Obidos, on Portugal's "Silver coast". It applied for revised planning permission early in 1989 and has just received it, so work on the development has been marking time. The delay was galling for the developer since it is eligible for an EC grant and possible tourist authority aid, but neither could be obtained in advance of planning consent.

"The bureaucracy is an absolute nightmare," says London solicitor Stuart Swycher, a director of the consortium. "It is almost unbelievable. Every time you go through one door you face another three. We have got the planning we wanted but it has taken so much longer . . ."

Now work can go ahead on the golf course, tennis courts and other facilities. Eventually there will be 150 villas, town houses, apartments, hotels and an equestrian centre.

The wait will bring benefits for eventual buyers. The recession in Portugal, and competition for work, has cut building costs. Starting prices for two-bedroom town houses in the development are down from £80,000 to £55,000. Also, with new roads now open, driving time from Lisbon to the estate has been cut from 80 minutes to 45.

Northern Portugal is a world of its own with few agents offering property there. CTI, in Ampthill, Bedfordshire, is one which does, working with associates in the region. It operates most in the area between Braga and Daminha, at the entrance to the Minho river. Jeremy Lawrence, of this agency, whose wife is Portuguese, says he has rural properties from £30,000. One might expect to spend as much again on renovation (which his agency could arrange).

If you want something a little better he can go up to £6.3m. This would buy a 17th century hilltop mansion with views over the Douro river. The house has 14 ensuite bedrooms, five reception rooms and a ballroom. The price includes furniture. The property has two swimming pools, tennis courts, two smaller houses and 100 acres of port-wine grape vineyards.

One advantage of the area is the low cost of living. "One can eat out in a good restaurant for a fiver a head, inclusive of wine," says Lawrence, "and where else could one get a puncture fixed for £1.60?"

One might think that only a supreme optimist would launch a housing project in the Algarve at present. But work has begun on the Quinta do Rosal development of 30 villas and 12 town houses on a 14-acre site near Carvoeiro.

Prices range from £90,000 for a three-bedroom house and £112,000 to £132,000 for a four-bedroom villa, including land. Just to get things going, the development company, Passarro Verde, has announced a "special offer" – four two-bedroom houses with roof terraces are available for £65,000 each. The properties are being marketed in London by European Partnership.

Salisbury-based Euro Property Advisers used to handle both new and resale property in the Algarve but says it is now only dealing in resales because it became embarrassing offering resales at half the price of similar new properties on the same estate. Apartments start at around £50,000 and villas around £100,000. Within the Algarve's Quinta do Lago estate, Bovis Abroad is a long-standing developer. It has 35 villas and apartments to build in its lakeside village there and expects prices to start at £115,000. In high season a three-bedroom villa with pool will let there from £1,200 week.

Its Sao Lourenco project, on the same estate, has a golf course on one side and a lake on the other. That development is entirely apartments, with communal pool and bar. Some 40 units, from £102,000, have still to be built. Free golf membership goes with every apartment. There is also a deferred payment scheme. Lakeside sells to British buyers; Sao Lourenco attracts Germans and a mixed market.

With the recently completed Pinheiros Altos course adjoining Quinta do Lago, the estate claims that the area is now the largest golfing complex in Europe. Pinheiros Altos' developers, Firago, formerly LET Leisure, allocated 91 plots with secured golf membership, around the course. The first four-bedroom show house has been built and sold for around £485,000.

Away from Quinta do Lago, farther along the coast, Bovis has its Quinta da Boavista project, with 350 plots for sale from £50,000, in 217 acres.

■ For further information: Quinta da Bacalhoa, tel: Washington 202 686 7336, or (London) 071-935-9128; Praia d'el Rey, 071-224-3388; Hamptons, 071-493-8222; CTI, 0525-405900; European Partnership, 071-371-7286; Euro Property Advisers, 0722-413636; Bovis, 081-422-3488; Firago, 071-602-9922.

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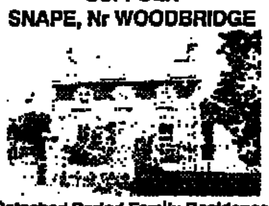

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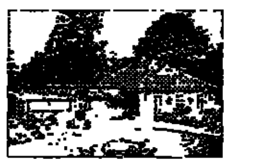

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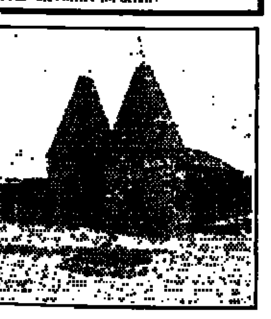

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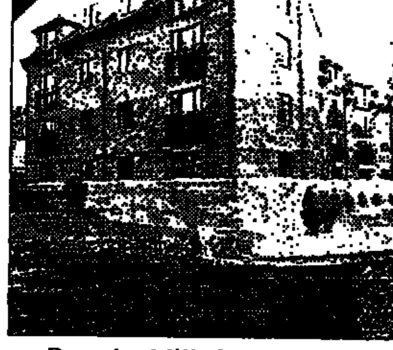

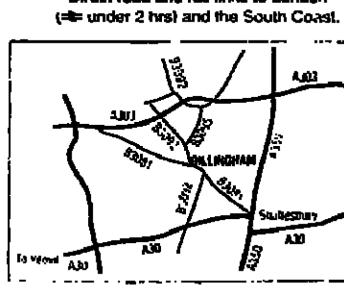

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The rehabilitation of Stowe's great landscape garden

Gerald Cadogan outlines an 18th century quest for perfection and beauty

IT WAS a sale to remember. But luckily lot 3802 did not sell. It was the year 1921, and the end-of-an-era auction of furnishings at Stowe, the ducal palace in Buckinghamshire that had been a powerhouse of 18th century English politics.

Lot 3802 was a bridge, Palladian in style, standing at the end of the house's Octagon Lake. Auctioneers Jackson-Stops, of Northampton, gave the bridge an enticing entry in its 1921 catalogue: "An elegant structure after the bridge at Wilton." But on the 18th day of the sale were the buyers so sated with statues and furniture that whole buildings were too much? The Temple of Friendship (lot 3804) was among several structures not to sell.

Today, Gervase Jackson-Stops, architectural adviser to the National Trust and one of the team rehabilitating Stowe's great landscape garden, searches his grandfather's catalogue for clues to where buildings and statues used to be.

Richard Temple, Viscount Cobham, and his Grenville heirs never stopped moving them – and renaming them – in their quest for the perfect garden, which would symbolise the blessed union of wealth, power, beauty, intellect and artifice that they and their political allies thought they had bestowed on England.

At Stowe every temple and every statue carries its message, often anti-French, sometimes hard to decode, often whimsical, and always extolling enlightenment and liberty. The Temple of British Worthies is a semi-circular exedra, with busts of Bacon, Alfred ("crush'd Corruption, guarded Liberty, and was the Founder of the English Constitution"), Hampden, Sir John Barnard ("an active & firm Opposition to the pernicious & iniquitous Practice of Stock jobbing") among its heroes.

At the back is a memorial to "a perfect Philosopher; a faithful Friend, an agreeable Companion, a loving Husband, distinguished by a numerous Offspring" It cautions, "Reader, the Stone is guiltless of Flattery, for he was not a Man, but a Grey-Hound."

To make a place of pleasure and recreation, that still takes us straight into the mind of the 18th century educated nobility, the best people that money and taste could find worked on the Stowe gardens – Vanbrugh, Bridgeman (the king's gardener), Capability Brown (who began as an under-gardener at Stowe), Kent and Gibbs. Cobham's motto of a pun from the Psalms, *Templa quam dilecta* (How amiable are thy temples) is apt. What costly fun it must have been to make the gardens and show them off to the smart world.

Such play emptied the purses twice. The place was parlous when Lady Kinloss, daughter of the last Duke of Buckingham and Chandos, auctioned the furnishings in 1921 and the new Stowe School bought the house and grounds. Already in 1848 there had been a sale in bankruptcy, after generations of prodigious expenditure on Stowe – plus the burden of entertaining Queen Victoria in 1845.

With an anonymous gift of £2m as a starter, £4.5m from the National Heritage Memorial Fund, grants from English Heritage, an appeal and a kitty that has reached £11m – although more is needed to complete Phase I by a 2005 – the trust has been hard at work resurrecting the 18th century temple of delights.

The first task was to map any structures that survive or remnants of them, with test digs by trust archaeologist Angus Wainwright as checks. He has found, for instance, the site of the Pyramid, which Cobham started building in 1726 to honour Vanbrugh. By 1786 Thomas Jefferson noted that it had been: "Almost entirely taken down by the late Lord Temple, to erect a building there, in commemoration of Mr Pitt, but he died before beginning it." Wainwright proposes a square mound to mark the site of this unusual short-lived building.

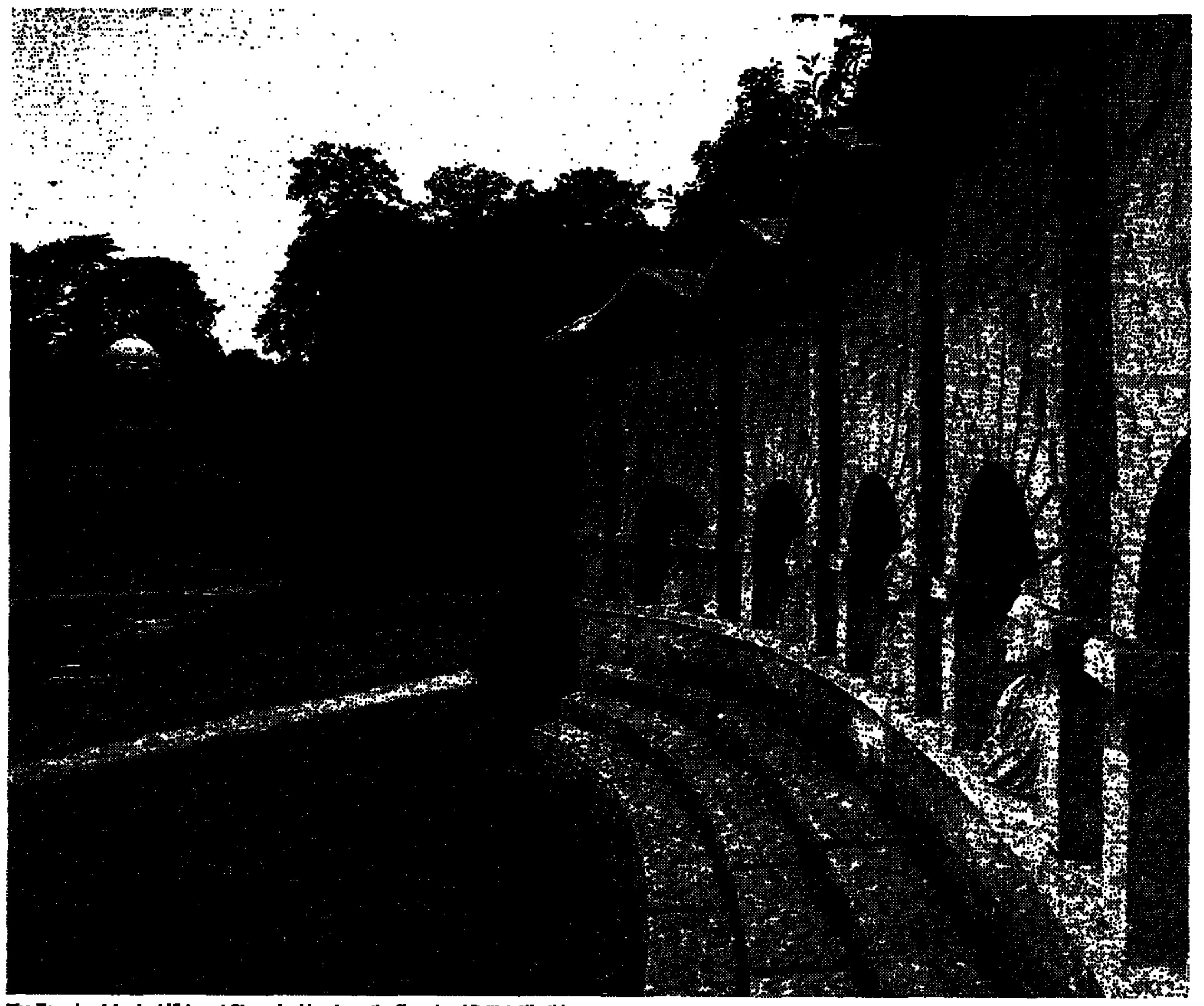
One statue site was easy to find "because it has been hit by mowers so often", said Jackson-Stops. It was less clear if the figures had been The Wrestlers or Hercules and the Lion. In this detective work old hollies and yews are a clue to where the walks were, and the Stowe papers in the Huntington Library in California (which bought them after they had circulated for years on the London market in the 1920s) are a rich source, which Jackson-Stops and his team are quarrying.

If you saw Stowe three years ago, it is astonishing how much the trust has done since work started on the ground. Vistas have reopened – by trimming trees and clearing undergrowth – that tie the monuments to each other and impose a conceptual and visual unity across the acres. Look through the Aurelian Arch (or Doric Arch) to the graceful Palladian Bridge and you see on the horizon the contrast of Stowe Castle – an edifice emblematic of English martial virtue – in a blend of might and art that we know in Pericles's Athens and Louis XIV's France.

The trust has also cleaned the lakes and the infant River Alder that flows through the glade of the Elysian Fields and relates the Temple of the British Worthies to the Temple of Ancient Virtue, linked by the Monument to Captain Cook who, in a sense, gave Britain the world. The Cook Monument has been moved.

"We must put him back on his island," Jackson-Stops said. And Cobham's ha-ha wall, designed to resemble fortifications in the early days of artillery, is being rebuilt at £150 a yard by a community action team of unemployed under a paid staff member. Bath & Portland Stone is supplying the stone. There are only three miles to go.

From the hill behind the Worthies, the Gothic Temple (a building derived from the symbol-packed Triangular Lodge at Rushton) the only monument at Stowe in ironstone, looks across the Octagon Lake to the Temple of Friendship, with its busts of Cobham and his political allies epitomising the Whig coterie that ran the country.



The Temple of Ancient Virtue at Stowe looking from the Temple of British Worthies

Ancient Virtue is now restored, with statues of four great Greeks to suggest that concept dear to the English; that life's standards never change. Next is Concord and Victory, originally the Grecian Temple but altered to commemorate successes over the French in the Seven Years War. Its sculptured pediment, showing the four corners of the earth bringing tribute to Britannia, was lifted from the Palladian Bridge, and cut to fit the new space. This temple is in a desperate state and will cost £1.6m to restore which, even so, will not retrieve its columns which the school took to put in the chapel.

The papers in the Huntington Library give a vivid picture of the garden in its heyday (before the school tuck shop had replaced the menagerie or the sports ground poached the site of the walled garden).

In 1809 a man was convicted of stealing "the whole of a (lead) hand from the statue of Neptune" and "the trumpet from the hand of one of the muses at the Aurelian Arch". Given the choice of transportation or joining the 14th regiment, he signed up.

Frank Thomson, the head gardener, standing in his office, beside the head of Lord Cobham which fell off his Monument when lightning struck in 1957, told me he had recognised gardeners' names in the 18th century that still carry on at Stowe. And he could explain to befogged academics in the Stowe group the practicalities of 18th century gardening – even if he cannot now marshal the labour that planted 13,200 larches one year.

The nurserymen's bills among the Huntington papers will help the trust in replanting. It is a surprise how much colourful planting Stowe had under the trees. In a few years our notions will change when we see dogwoods, roses and honeysuckles as they were 200 years ago.

Stowe followed the fashions in planting and was eager for new species – such as pineapples, snowberries and fern-leaved beeches and limes – which were tried first in the kitchen garden. An American border was kept for transatlantic introductions such as 100 "Accacia of Virginia" which cost £2.10s in 1755. The plants from abroad are yet another sign that, already in the 18th century, the world was Britain's oyster.

■ Stowe Landscape Garden (National Trust) is open in school holidays and breaks, 10am-6pm (or dusk, if earlier) and, until October 20, Mondays, Wednesdays and Fridays, 10am-5pm. The House (Stowe School), with a grand view of the gardens from the South Loggia, is closed until next year.

Skiing/Arnold Wilson

Pistols on the pistes

Britons face possible arrest in France this season as local guides fight to protect their livelihood

SNOW CANNON to the left of them – and possibly a pistol or even a machine gun to the right of them, as into the Trois Valleés, Val d'Isere, Valmorel and even the Val d'Aosta ski the 200 British ski guides who could be facing trouble from local guides anxious to protect their jobs from "foreign invaders" this winter.

Two or three years ago, a number of British ski instructors working in the Alps were arrested for allegedly working illegally. Some were briefly jailed and some were fined. Even Britain's best known ski guru, Ali Ross, was briefly under arrest. Now, as the season beckons, the signs are that the problem this year could be even worse. New regulations seem to suggest that the French will deal severely with British ski guides this season – although they may possibly recognise Grade 3 of the BASI qualification (British Association of Ski Instructors) for the first time.

Ce n'est pas la guerre, but it certainly might become distinctly unpleasant as French gendarmes take on the peculiar all-purpose British animal who arranges airport transfers, works out the guests' entertainment programme, organises their ski passes, ski school and ski rental, dines with guests, and just happens to ski with them for all or part of the holiday.

Ski Hosts, Ski Leaders, Ski Directors – call them what you will, British tour operators have tried desperately to think of a new title to escape the unfortunate "guide" connotations and pacify the locals. After a year or two of relative peace, Mark Chitty, managing director of Mark Warner, which pioneered the ski guide concept 15 years ago, is convinced there will be an outbreak of hostilities this winter.

"The problem hasn't gone away" says Chitty. "Now there has been a small but significant change in French law No. 84-610. Article 43 used to state that no one may *teach* a sport or physical activity without a diploma. The revised article rules that no one may *teach, supervise or lead* people without one. I fear that this winter, with pressure from the local ski schools, the authorities will take action against our company. This would have a very serious effect on our operations and future programme in France."

Extracts from a Mark Warner official account highlight just one incident: "On Friday the 2nd of April at approximately 11.30 hrs Jamie Bentley (Ski Guide) and his group of 15 left the restaurant at the top of Blanchot. Sitting opposite had been two gendarmes and an French ski instructor. Jamie was stopped by the gendarmes, who were insistent that he had been instructing his group, and asked to see his passport and papers.

"A member of the group who spoke fluent French asked how

Jamie could be instructing when he had no poles and a broken rib. Jamie showed them the bandage on his chest and the police officer, apparently looking for papers, hit Jamie on several occasions. He was then asked to appear at the police station with all his papers and passport.

"The senior gendarme enquired what qualifications Jamie had to instruct. It was explained that he had no qualifications and that is why he did not instruct. It was highlighted that guests are regularly sent to Ski Cocktail (a local French ski school) for lessons. By this time the gendarme seemed relatively satisfied that the guides had not broken the law – which he confessed was relatively unclear."

Chitty and other tour operators like him – only a couple of months away from the start of the season – is now trying to find out where he stands. He has approached BASI to see whether it might consider running courses for British ski guides to give them official status in the Alps. "But they won't do it," he says. "I think they are worried that just as BASI is on the verge of being recognised in the Alps, to get embroiled with the ski guides issue could be damaging."

One company, Interski, already operates its own BASI ski school in the Alps. Although based mainly in the Italian resort of Courmayeur, Interski also operates in La Thuile (also Italy) and the linked French resort of La Rosiere.

One would expect the problems to arise when skiing from Italy into French territory. But Interski's Roger Walker says: "For several seasons we were hounded by the police in Courmayeur, with numerous inconvenient and embarrassing arrests. One February, my group of schoolchildren from Hull were a quarter of the way down a gentle green piste. I had been questioned several times about my qualifications, and asked to produce my passport, work visa and BASI licence by the local police.

"What I was not prepared for was my encounter round the next corner. As we skied out of the trees, we were confronted by a policeman brandishing an automatic machine gun.

"Coming to a stop with 11 children behind you, who had only been skiing for three days, is no easy task, even when there is a uniformed officer pointing a gun at you. The children seemed shocked into silence.

"Not only was the officer gesticulating with a machine gun, but he carried a shoulder belt full of ammunition and a pistol in a holster – the 24 ski poles we carried between us were no real match. A ski school official informed me that I was working illegally and that I must stop teaching immediately. As I stared down the barrel of a gun that was definitely pointing in my direction, I pointed out that I had a class of 11 beginners, who, if left to their own devices, would certainly never make it back to the bottom alive! Begrudgingly, the pair agreed to escort me.

"Five other Interski instructors were informed that we were to go to the local police station. One by one we were taken from the small room where we were being held, into an interview room. Our paperwork and passports were examined while the policemen whispered in a corner. They seemed to infer that we were to be deported or imprisoned for our 'crime' of teaching skiing without permission from the local ski school.

"Well after midnight, without warning, we were released. We were free to go, but not to teach skiing – no explanation, no apologies."

According to EC regulations, says Walker, Interski instructors should now be legally allowed to teach skiing. "But the authorities have just informed us that our maximum class size must now be eight. With Italian ski classes of 12 to 14, are we not being singled out for special treatment?"

One organisation which may not experience ski-guiding problems is the Ski Club of Great Britain. Article 43 specifically relates to ski guides "working for financial gain". The Ski Club does not pay its representatives. Maybe in the end, tour operators may have to follow their example, and find some way of only paying them for the other "odd jobs" they do and perhaps allowing them just out-of-pocket expenses.

TRAVEL

High jinks on a voyage of sails and whales

Michael J Woods takes to the seas on a traditional tall ship

IT SEEMED a long way up from the deck to the yard when I climbed the ratlines. And once up on the yard, it looked even further back down to the deck. I remember how warm and reassuring the honey-coloured wood of the lower yard felt to my bare feet as I leaned over its higher counterpart in order to remove the gaskets from the heavy square topsail.

I also remember how little there was to hang on to as the ship lifted on the gentle swell of an Atlantic sheltered by the Canary Islands. But it was satisfying when the sail fell free and, safely back on deck, we heaved and sweated on appropriate ropes until the sail filled with wind and the throb of the diesel engine was stilled.

Such gymnastics are not compulsory for passengers but it seemed to me that if I was going to sail a tall ship, even a little tall ship like the *Anna Kristina*, I ought to try at least once. *Anna Kristina* is a Norwegian topsail ketch and was rescued by her present owner, Hans Van De Vooren, when she was almost beyond repair. He already owned her sister ship, *Anna Rosa*, having given up his farm in his native Holland and moved to Norway in order to rebuild her.

Anna Kristina was one of a number of similar ships originally built by the farmers of Hardanger Fjord in order to eke out a living in winter by carrying fish south along the coast and bringing goods home in return. Most of the ship was taken up by the cargo hold, with a small living area for crew fore and aft.

The hold has been converted into the main saloon with a combined galley and living area centred around a table constructed to Hans' design and made from the ship's former hatch cover. There are small cabins off the saloon and bunks let into the saloon walls so, with a full complement below decks, the ship can get crowded and stuffy in tropical waters. At night, a pleasant alternative is to sleep on deck, watching the clouds scud across a sliver of moon.

Not all nights were spent at anchor, and more than once we sailed through the darkness, riding foam-capped waves with a steady breeze filling the sails. Down below the old ship creaked and groaned as the waves passed beneath her: on deck we watched distant lights slide away while new ones appeared as we tacked from Tenerife towards Gran Canaria.

Enjoyable as it was, we were not here just to sail a century-old tall ship. We had come to look for whales, and the irony of doing so in a Norwegian craft escaped none of us. There is a resident group of pilot whales around the Canaries together with various dolphin species. A number of other cetaceans pass through, so the chance of seeing something is high. We encountered our first pilot whales within hours of joining the ship at Santa Cruz, their rounded, slightly flaccid dorsal fins betraying their presence. Quickly, half-a-dozen of us were in the inflatable Zodiac heading towards these 15ft mammals.

One of our number, Graham, was passionate about whales, and along with mask and fins he had brought a wet-suit. Almost as soon as we drew alongside the whales, he slid into the sea and finned quietly away, diving occasionally to watch them more closely. He had hardly left the boat when a bottle-nosed dolphin flew clear of the water and splashed down close to the inflatable. Graham surfaced to tell us that there were many more whales under the water than there were fins on the surface, before sliding out of sight once more.

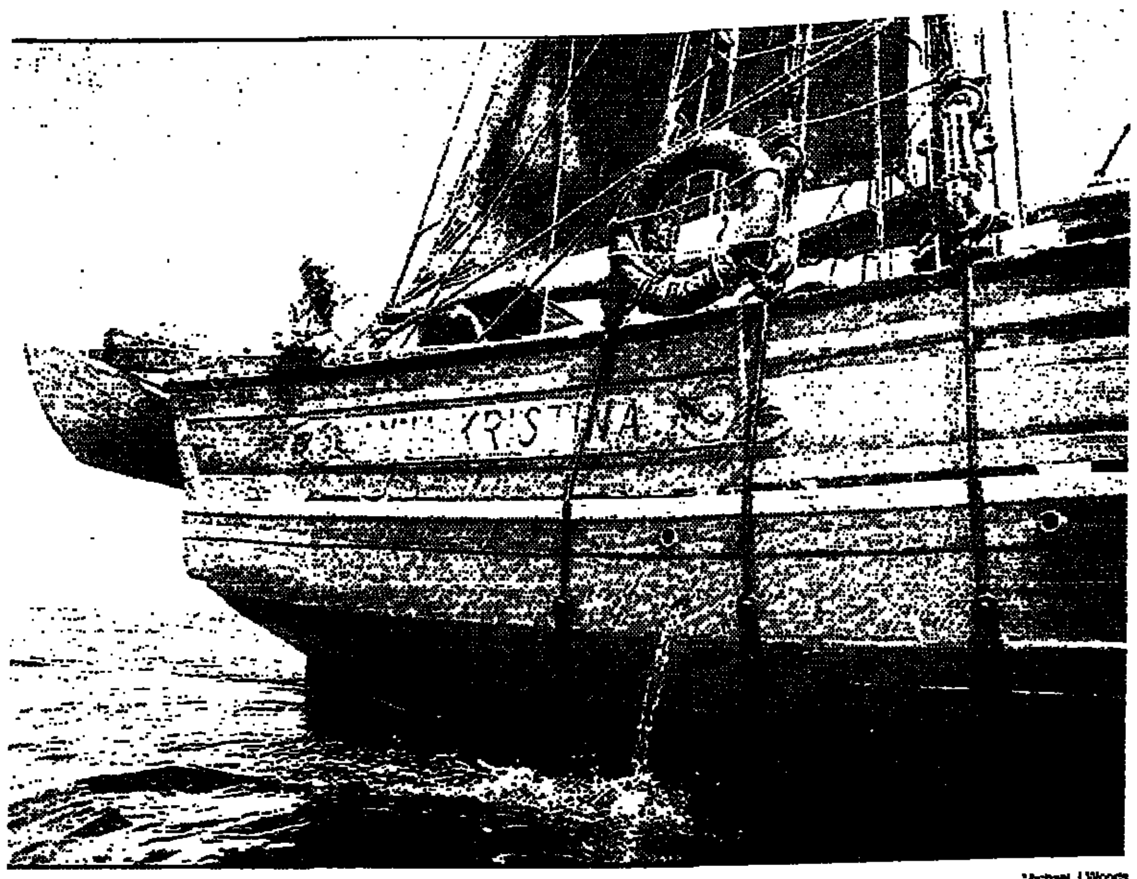
Lorenzo and Manuel, a pair of local marine biologists also on board, explained that some 200 individual pilot whales had been identified around the Canaries by using photo-identification of their distinctive dorsal fins.

Inspired by Graham's enthusiasm I was keen to experience swimming with whales, but had to wait for several days until we found another pod. We had hardly spotted the animals when a high-speed launch on a commercial whale-watching trip came cutting through the sea towards them. Andy, our normally taciturn skipper, who had previously worked with Greenpeace, responded indignantly. "That's how collisions occur. These would not be the first whales to die from being hit by a boat", he said.

There is no apparent policing here, and the whales seemed remarkably tolerant of these cowboys of the sea whose sole intention appeared to be to push others aside in order to give their clients a glimpse of a dorsal fin. For Lorenzo and Manuel the answer lies in requiring all whale-watching boats to have a naturalist aboard, not only to explain the wildlife to the passengers but to control the excesses of the skippers.

At least the sun was shining as I slipped over the side of the dinghy and looked down through the ocean at a mother whale with her baby close to her flank. They were moving leisurely, almost loafing in the water, but then I noticed that they were rising, coming slowly up to the surface. They broke through and breathed before going down in a single motion, arching their backs and sliding gracefully away.

■ **A week whale watching and exploring the Canary Islands aboard *Anna Kristina* costs approximately £360 per person plus flights. Bookings can be made through Twickers World in London, tel: 081-892-7606. Be prepared to live closely alongside other people so take a *sleeping bag*.**


Michael J Woods

Proud owner Hans Van De Vooren on his ship, the Anna Kristina

Big, better and Cecil B De Mille

***Andrew Anderson** tackles a Patagonian mountain worthy of a Hollywood spectacular*

THERE ARE mountains and there are mountains. Everest is the biggest. K2, the "savage mountain", may be the most brutal. Kilimanjaro, Africa's sunbaked, snow-capped giant, is possibly the most startling. But the Torres del Paine range, in southern Chile, is something else.

It is as if Cecil B De Mille had assembled his special effects people, given them a huge budget and said: "OK, build me a mountain that'll knock folks' socks off. Give it peaks and crags, real spiky ones. And cliffs, sheer cliffs. Knife-sharp ridges. Lotsa knobbly bits. Crevasses. Big rocks balancing on itsy-bitsy stones. Glaciers. Snow. Ice. And lakes: blue ones, green ones, clear ones. Waterfalls, great big waterfalls that roar like thunder.

"Gimme animals: guanacos, floppy-eared rabbits, buzzards, a puma or three. Trout. And lotsa salmon. Then build the whole shebang at ground level, so no other mountains get in the way and folks'll get a crick neck looking up at it. Go to it, boys."

It looks as if they did. The Torres – literally, towers – of Paine soar to 2,500 metres above the level grassland of Chilean Patagonia like a dreamscape. Other peaks have bigger peaks upon their backs to beat them, but the Torres del Paine stand in glorious solitude, daring you to believe them. From far off they look like a painted film set; close up the effect is magnified, so that one is tempted to wander round behind them to wobble the canvas. But they are real, and they contain in a small area every feature you dreamt of in a mountain landscape.

The towers themselves are three sharp needles of granite isolated by erosion from softer rock beneath, a geological accident that gives the whole range its breathtaking sculpted appearance. In dawn or evening sun they glow like rosy fingers jabbing at the sky; more often they loom out of the mist like sentinels, stabbing the scudding clouds to release the torrential downpours that periodically sweep the area.

On the other side of the towers stand the Horns of Paine, two sharply defined peaks separated by a steep-sided bowl. They look a devilishly difficult climb from any angle. The horns stand guard over an icy, clear lake, the largest of many in this area, regularly churned into foam by ever-present winds from Patagonia.

The Torres del Paine offers some of the most rugged and rewarding trekking country in Chile. The most popular hike is *El circuitio*, a seven-day slog past the bleak mass of the Grey glacier and behind the Horns and Torres. Less ambitious walkers can find an array of day treks mapped out in the park's visitor centre.

The area was made a national park in 1959 after a series of devastating fires swept the sheep-grazing flatlands surrounding the Torres. More land was added in 1962 and the area is now policed by national park officers, who are instructed to turn back solo trekkers at the park entrance: several lone walkers have vanished in the Torres' wilderness and theoretically only groups are allowed in.

The fact that these "groups" form largely on the three-hour bus ride into the park and then unbundle themselves immediately their entrance visas have been stamped is just part of the game.

The park is now home to herds of guanaco, flamingos, long-eared hares, foxes and the occasional (shy) puma. More than 100 species of bird have been logged, including black-necked swans and the Andean condor. In spring and summer – roughly November to April, although one can experience all four seasons in a day – the peaks are carpeted in Alpine flowers.

Accommodation in this wilderness is scarce and over-priced, but the Hotel Pehoe deserves its luxury rating for its position alone. It stands on its own tiny private island in the middle of Lago Pehoe, reached by a narrow wooden bridge, and has a marvellous, ever-changing view of the Horns of Paine. The rooms are small and dingy, and very expensive (for Chile) at around $90 for a double, but the hotel's only rival, the spartan Posada Rio Serrano, is scarcely cheaper at $55 a double and lacks a grandstand view. There are four campsites ($10 a pitch) for hardier souls, who are frequently seen counting their change while drying out in the Hotel Pehoe's restaurant.

■ Getting there: An adventure in itself. Flights (around $230) from Santiago leave daily for Punta Arenas, a small port at the end of the Chilean mainland. From there it is a three-hour bus ride (around $10) to Puerto Natales, a settlement on the shores of the Ultima Esperanza gulf, and a further three-hour bus ride into the Torres.

The bus from Arenas to Natales gets in too late to connect with the early-morning Torres run, so an overnight stop is unavoidable. The Hotel Austral is recommended; its owner, Eduardo Scott, can arrange tours into the Torres. A good restaurant in Natales is Don Alvarito, where the gargantuan owner will greet you like a long-lost brother and ply you with grape brandy all night long, sometimes longer. The Torres can be visited as part of Patagonian expeditions through UK companies such as Journey Latin America, tel: 081-747 3108.

TRAVEL

Anguilla, where life's just a beach

James Henderson finds himself lost for words on a made-for-sybarites Caribbean island

AFTER YEARS of looking at Caribbean beaches I have come to the conclusion that there are only a number of ways of describing them. Silken soft sand washed by gin-clear water. Lazy waves lapping on an idyllic half-moon curve. The sun-bleached sugar granules of a palm-backed strand. Etc. Etc.

The Caribbean has suffered pretty badly from the attentions of over-zealous brochure writers anyway, but describing Caribbean beaches sends these poor people into overdrive. When faced with a blank, glossy page, they become linguistic thugs, wielding clichés like bludgeons and beating every word senseless.

By this reasoning the island of Anguilla, which is not much more than beach, almost defies description, particularly if you are trying to avoid a brush with cliché. The island's 40-mile coastline has about 30 beaches. The sand is superb and the sea absurdly blue. And on most of them you can be alone.

If beaches are your thing, Anguilla comes close to the proverbial paradise. I reached Anguilla late in the day, but with time enough to throw down my bags and skip out on to Mead's Bay, a mile-long curve of west-facing sand.

Laid out beneath the Malliouhana Hotel, Mead's Bay seems an ideal Caribbean beach. It is so soft underfoot that your feet slip in up to your ankles and when the waves break they meander, fizzing with spume and carving huge scallop shapes on the sand. Digging my toes into the warm grains, I watched the setting sun play tricks on the huge clouds. People must have been staring at the sunset from here for centuries.

Next morning I set out in search of Anguilla's finest beach. Shoal Bay, on the north coast, is probably the island's most popular – more than a mile of mounded crystalline sand with the quality of talcum powder.

Hitching around the island presents no difficulty. Anguilla is the sort of place where the chief minister stops and picks you up. On this occasion, though, it was Vic, another island luminary, the proprietor of a beach bar (Trader Vic's) on Shoal Bay itself, so he took me there and handed me a beer.

Shoal is an old word for a reef: the bay has a double reef system right offshore, which makes for superb snorkelling. As for snorkelling gear, Skyline Beach Rentals had it all: Shady Beach Umbrellas, Beautiful Lounge Chairs, Elegant Floating Rafts, Long Fluffy Towels and – just for me – Reliable Snorkelling Gear. I spent a happy half-hour chasing damsels and rock beauties in and out of the corals and stalking sergeant majors and grunts among the elkhorn.

At times, Anguilla has something of a "30 square miles and a donkey" feel about it. If this patch of scrub happened to be in the Arizona desert – parts of it would not look too out of place – there would be a single donkey and no other discernible characteristics to differentiate it from the land around.

Instead it is a nation, with its own distinctive identity. The island is more developed now than your average patch of Arizona scrub, but for all the steady building, the feel of Anguilla remains the same. And the strongest impression of island life comes from the Anguillians themselves, who are without doubt the coolest islanders in the whole Caribbean.

There is an almost unnatural calm about the place. Here the statutory West Indian greeting (saying hello to everyone you pass) becomes a barely raised hand, a hint of a nod or a whispered *"yeah man"*.

I was trying to find Back Bay (any beach you have to abseil to must be worth a look), when I fell in with an Anguillian who took me half-a-mile out of his way and pointed me to the path through the scrub down to the beach. It was rather like a treasure hunt: through the bushes and over sunburnt rock you come to a point high above the sea. Three pelicans were riding the upward winds on the cliff-face, wheeling and folding their wings back arrow-like in a dive for lunch.

Beneath them was Back Bay, a tiny sun-trap in a protected cove with blinding white sand and gentle waves. To get to the beach you clamber down the cliff with the aid of ropes fastened into the rockface.

Faced with a cool island, the Foreign Office in London has been unwarrantably hip and has sent along a dead cool governor. He is a keen cyclist and rides around the island to shouted greetings of "Hey, Government".

Somnolence is a word that fits Anguilla well, though it is difficult to gauge how fierce competition might be between two beach bars that face each other across the bay in the fishing village of Island Harbour. Gorgeous Scilly Cay is the offshore domain of Eudoxie Wallace, a former stateside tennis pro, who has decorated his sandbar with conch-shell walls and palm-thatch shelters. If you wave from the pier, they will come and pick you up and you can spend the afternoon eating barbecued lobster, drowning yourself in rum punch and soaking in the sea.

On the beach opposite, Smitty's is a ramshackle island affair, a sandy, palm-thatch garden with discarded cable-barrels as tables and outsize pink buoys for decoration. I joined a small crowd of Anguillians watching MTV and mulling over island gossip.

After a few beers I began to think I was hearing things. The normal noises of West Indian English had dissolved and the words were sounding curiously Irish. This happens in other places in the Caribbean: they seem to speak Welsh in parts of Trinidad, and if you close your eyes in Barbados you might almost be in the west of England.

The Anguillians *do* have a lot of Irish blood in them. Looking around, it seems that there is not much that could ruffle an Anguillian's calm. But then it is worth remembering that in 1967 these people staged one of the world's least known (and coolest) revolutions.

The Anguillians were threatened with independence from Britain as the poor relation of St Kitts and Nevis (nearby islands), and so they revolted – all 5,000 – arming themselves and taking to the scrub. Britain dispatched troops, who were bemused to find themselves greeted by islanders waving Union Jacks and singing *God Save the Queen*. Nobody could quite believe it, but eventually the Anguillians had their way, confounding colonial administrative convenience. They remain a British crown colony.

On the south coast there is a cracking two-mile stretch of pristine sand, glaringly bright and offset by an electric blue sea, on Rendezvous Bay. It is a beautiful walk, through sand so thick that it makes you stumble, and it picks up some flotsam when the wind is right, so you can go beach-combing.

In the dazzle looking south, there is a stunning view of St Martin, five miles away. It is one of the curious facts of the Caribbean that islands so close together can be so different. For all its beauty, St Martin is frenetic, crowded and horribly overdeveloped.

The same sand as Anguilla and looser building laws have meant that over the last 20 years it has grown into a nightmare in concrete. Now there is a squeeze on and it has a problem filling hotel rooms that were quite smart 10 years ago.

Anguilla is building, but only slowly, and it seems to be maintaining its reliably top-notch image. Strangely, you will see a surprising number of half-finished houses around the place. Like the fishing boats of decades past, which stood like skeletal hulks on the beach for seasons at a time, they are built by travelling Anguillians who come back and continue building when they can afford it. An unfinished house is a tax dodge; besides, it leaves room to add on for extra kids.

Further east you might be forgiven for thinking that you were seeing a mirage when you come to the moorish domes of Cap Juluca Hotel on Maunday's Bay or the white, windswept facades of Cove Castles, which stands on Shoal Bay West. Strangely it has no reef, but it is a magnificent curl of steep-sloping sand where the waves clap and race and the swimming is impeccable.

Yet to my mind the beach to beat them all in Anguilla is Captain's Bay in a secluded cove in the far north-east. It is simply . . . wait for it . . . a beach beyond description.

■ James Henderson, author of the Cadogan Guide to the Caribbean, stayed in the Malliouhana Hotel, on mile-long Mead's Bay, as a guest of Elegant Resorts of the Caribbean (UK tel: 0244 329671).

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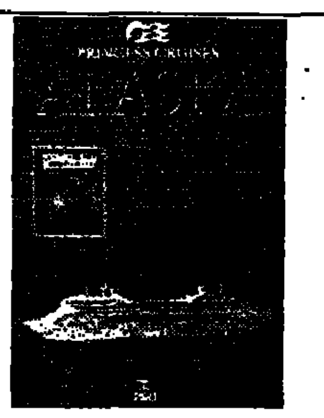

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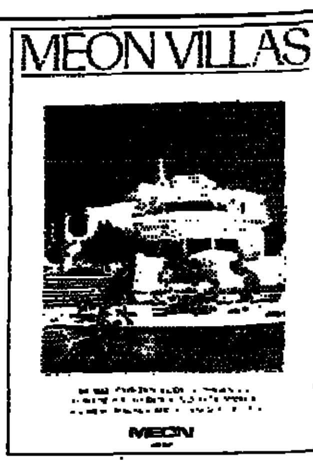

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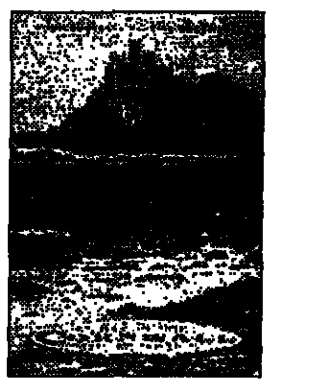

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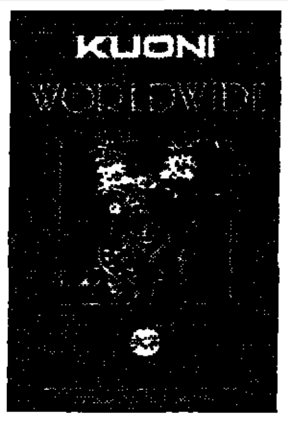

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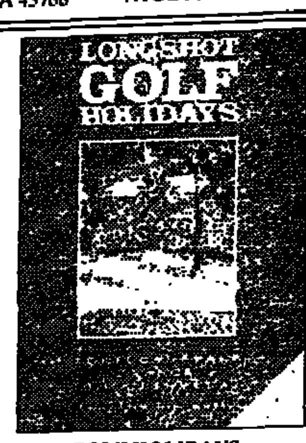

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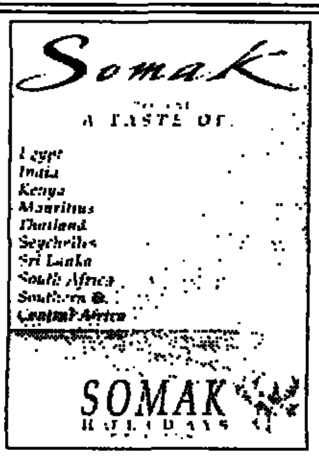

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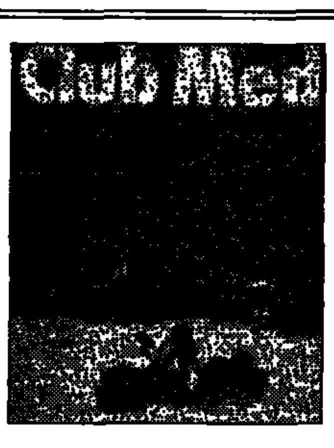

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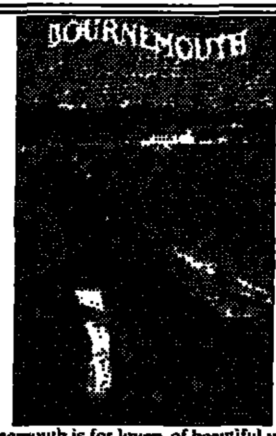

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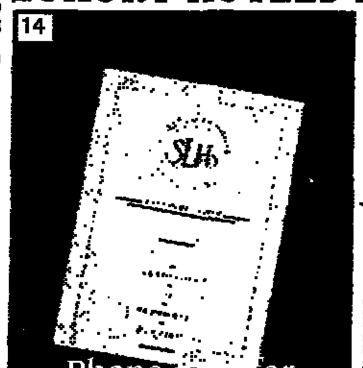

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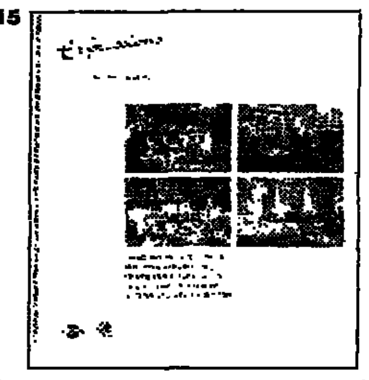

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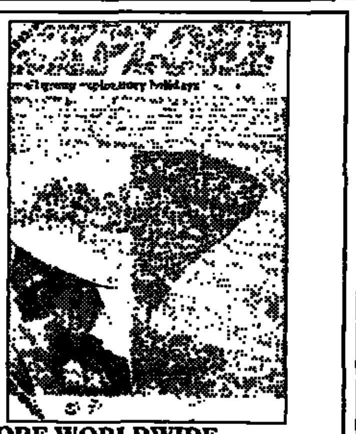

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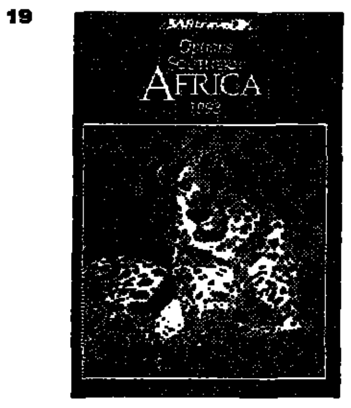

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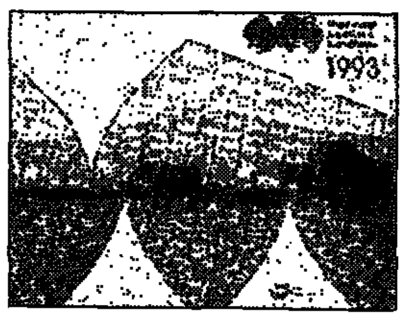

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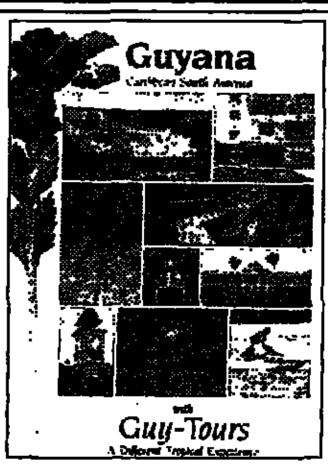

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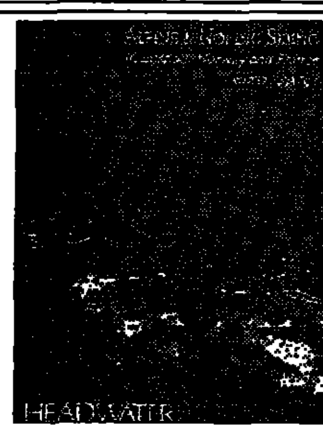

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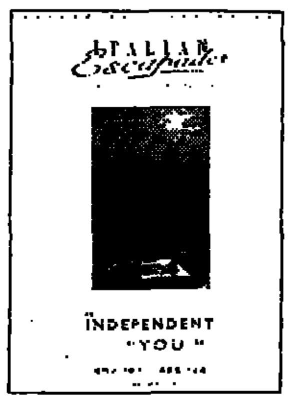

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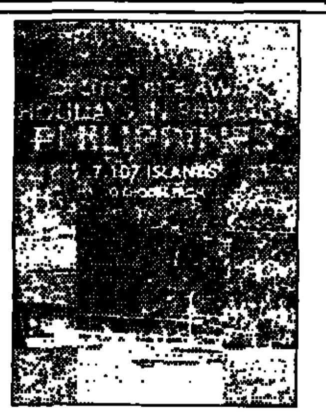

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BOOKS

Saviour of the soul of France

CHARLES DE Gaulle was one of the most remarkable figures on the European, indeed the world scene, during the 20th century. An obscure soldier with very little active service experience, apart from being taken prisoner on the Western Front in 1916, a brief interlude in the Polish Russian war of 1920 and a disastrous failure at Abbeville in 1940, he somehow became the voice of France in the second world war. In his younger days the protégé of Pétain he repudiated all that the old Marshal stood for after 1940.

Despite Roosevelt and Churchill who disliked him acutely, he established himself as the symbol of French patriotism. President briefly in 1946 he retired for 12 years, returned by acclaim to deal with Algeria though he did it in precisely the opposite way to that expected by his supporters and apparently endorsed by him. He got away with it and established the Fifth Republic, which has lasted longer than any but one of its predecessor regimes since 1789. He blocked British entry into the EEC – he hated Britain – and he took France out of NATO – he had no love for America. But nations can have too much of single-minded patriotism. In the end just as Britain became weary of Margaret Thatcher, so did France of de Gaulle, who lost the 1969 referendum and then bowed out with dignity.

It is an extraordinary story, and Charles Williams has told it with admirable clarity, scholarship and understanding. This is the most comprehensive life since the three volumes by Jean Lacouture (1984-6) and it is the best book in English to have appeared so far. It will not easily be superseded. It has the advantage of many new sources – papers and memoirs released by the celebration of the centenary in 1990 of de Gaulle's birth. It is very readable and highly perceptive.

De Gaulle's family background was not at all typical of *fin de siècle* France – minor nobility, monarchism, Jesuit upbringing, narrow puritanical northern Catholicism. His father, who taught at a Jesuit school, believed that every regime since 1789 had been an usurpation. Family life was dominated by discussion of the Dreyfus Case, which shook the Army to the core and the Fashoda Incident, which impressed itself "on the young Charles's mind as a supreme example at one and the same time of French political impotence and of deep British treachery". During all his dealings with the British over some 30 years he never forgot Fashoda. From time to time he needed to be reminded not to hate his allies even more than the enemy.

THE LAST GREAT FRENCHMAN
by Charles Williams
Little Brown £25, 544 pages

The Free French forces which de Gaulle created did not make much difference to the war. It would have been won by the Western Allies at about the same time anyway. As for the French Resistance which de Gaulle strongly supported, its courage was immense but its effect at best marginal.

What mattered was that he saved the soul of France and gave the French a sense that they were, despite the fiasco of 1940, a great people. True they showed little gratitude in the aftermath of war. When he pressed, quite rightly, for a constitution which would not repeat the defects of the Third Republic, they plumped for one which, though not identical, was equally unstable and he promptly resigned. One of his liabilities was that, although "a certain idea of France" had for him a semi-mystical quality, he had remarkably little knowledge of the French. In the 50 years before he left for Britain he had had an insulated life in Lille, Paris and military stations at home or abroad. Churchill, too, had only the remotest idea of how most of his fellow countrymen lived, yet both men could sound a clarion call which was unforgettable and both came back after political defeat.

De Gaulle returned after a longer interval and in more sensational circumstances. His political achievement was remarkable. No one could "solve the problem" of Algerie François, but it could be removed from the agenda of politics in Paris; that was what de Gaulle did at great risk to himself (The *Day of the Jackal* is by no means fanciful) and at the cost of lasting hatred by those who felt themselves betrayed. He also established a new and so far reasonably effective republican constitution.

It is something to have rehabilitated a nation, rid it of its most disruptive threat and given it for the first time in 170 years a stable and pragmatic system of government. "The Last Great Frenchman" is a well justified title for this excellent biography.

Robert Blake

A closet full of Oscars

WHEN TONY Richardson was a schoolboy during the second world war Yorkshire was bursting with live theatre. His friend William Gaskill explained why in *A Sense of Direction*: "With the war British theatre had become decentralised; the Old Vic and Sadler's Wells had moved to Burnley under the direction of Tyrone Guthrie and tours were sent all over the North".

The Bradford Civic Playhouse not far from Shipley where the Richardsons lived had a full-time professional theatre school. Donald Howarth, Bernard Hepton and Robert Stephens started there. Gaskill and Billie Whitelaw regularly attended Esmé Church's acting classes. With an enunciation of the English language that harked back to the days of Beerbohm Tree, Miss Church was a dominant force among stage-struck locals.

LONG DISTANCE RUNNER: A MEMOIR
by Tony Richardson
Faber & Faber £17.50, 313 pages

"One person she didn't dominate [Gaskill continues] was Tony Richardson, the son of a pharmacist who lived down the road. His elongated figure and squeaky drawl singled him out in the artistic circles of the West Riding. He was iconoclastic about anything that was sentimental and old-fashioned. He would return from trips to London or Stratford with a description of the newest work by Peter Brook; the 21-year-old whizz-kid, and pour scorn on all our sacred cows."

Richardson's iconoclasm continued when he and Gaskill went to Oxford where, with John Schlesinger, they dominated the student theatre after Tynan had departed. Both of them went on to try their luck in London and after some years of obscurity both made theatrical history at the Royal Court Theatre. Whereas Gaskill has remained faithful to theatre as an art-form and is currently directing at the Cottesloe, Richardson aimed at and won all the glittering celluloid prizes... Sloane Square and Shaftesbury Avenue, leading via British film studios and Broadway, to Hollywood.

Richardson's astonishing trail of success and devastation was similar to Alexander's; after Los Angeles there were no more worlds left for him to conquer. He simply had to live there mucking in as a permanent resident, even abandoning for long periods his idyllic rural retreat, Le Nid du Duc near La Garde in Provence. He died of Aids in November 1991 at the age of 63. Shortly after his death his family discovered, in an obscure cupboard where he kept his Oscars, a manuscript written six years before and set aside. His eldest daughter, the actress Natasha Richardson, remembers asking him what he was writing:

"'I'm having a go at my life, a sort of memoir'. 'How great,' I replied – to which he guffawed, 'No it's not, it's not interesting, it's shit and very boring but I'm doing it as a kind of exercise'."

Tony Richardson in 1986 with former wife Vanessa Redgrave, and daughter Natasha Richardson

Camera Press

To publish it now, posthumously, just as it is, was obviously the right decision. In the breezy, ruthless, incisive, spontaneous manner, that all who knew him remember so well, the book gives us a fine overview of Tony Richardson's career seen through the glowing eyes of its chief participant.

Much of it makes invigorating reading. It reveals his joy in adventurous foreign travel as much as his dedication to work. He was a great believer in location shooting and the two were were frequently combined. His candid character-sketches of many of the theatrically great and good whom he directed – John Gielgud, Katherine Hepburn, Tallulah Bankhead, Kim Stanley, Joan Plowright, Mary Ure, Hugh Griffith to mention but a *few* – are often masterpieces of insight. Whatever his reservations he is never mean or ungenerous. He is especially acute about Olivier:

"At heart Larry was what the French call a *cabotin*. The term is difficult to translate – not exactly a ham: a performer, a vulgarian, someone who lives and dies for acting. The grand seigneur was one of the roles he played, but at heart it was foreign to him. And at heart he knew or perhaps he didn't know at the time – that his attempt to transform Vivien into a great classical actress was a failure."

Richardson's account of his collaboration with John Osborne will be collated by future biographers with Osborne's account of Richardson in *Almost A Gentleman*. Although they became estranged after making *The Charge of the Light Brigade* the mutual indebtedness is made abundantly clear on both sides – as is the great debt both careers owed to George Devine, about whom Richardson writes with particular warmth. Richardson's tracing of the fortunes of the Royal Court Theatre up to and especially *after* the great seasons of 1956 (*Look Back in Anger*) and 1957 (*The Entertainer*) will be disputed; indeed, they have already by Lindsay Anderson in his introduction.

A glaring omission is any mention of Richardson's homosexual liaisons. He never confesses at any point there was a gay side to him. But there are many discussions of his affairs and would-be affairs with women. His courting of Vanessa Redgrave opened in bizarre fashion. He sent her a letter while in the same restaurant. It was delivered by hand to the table where she was being wined and dined by Bernard Levin. As she did not have her reading-glasses, it was read to her by an angry Bernard. Was ever woman in this humour wooed? Was ever woman in this humour won?

While married to Vanessa, Richardson directed Jeanne Moreau and fell hopelessly in love. The affair gave Richardson's life a fresh turn and led to his living in France. But his passionate affair with her was like a real life re-play of *Jules et Jim* and did not last. Richardson pays tribute to his enduring relationship which followed with Grizelda Grimond, by whom he had a daughter.

All of Richardson that ultimately matters is here. The less attractive, the callous manipulative side is best forgotten. Richardson approached friendships not merely as if they were games of chess but as if they were games of simultaneous chess. He was a theatrical Kasparov turning from board to board, moving rapidly on each, his head teeming with brilliant calculations. He kept one so busily absorbed in one's own game one never knew what was happening on the other boards. Reading *Long Distance Runner* one can at last find some of it out.

Anthony Curtis

Under the influence

FIRST AND foremost, Malcolm Lowry was a drunk – so much so that he deserves a capital D. Second, he was a gifted writer of immense promise and tragically truncated achievement. It is impossible to doubt that the booze killed the books. He produced a promising "young man's" novel, *Ultramarine*; a masterpiece, *Under the Volcano*; and a posthumous succession of brilliant stories and unfinished manuscripts. That's all.

Gordon Bowker's biography of Lowry is very long, pedestrian, exhaustive, exhausting, often but not always interesting. (Dear God, why have biographers forgotten that the essence of their trade is *selection*? Do we really need to know that Blériot flew the Channel three days after Lowry's birth? And how many readers, apart from a tiny minority of publishers and fellow writers, are interested in day-by-day negotiations over book contracts 50 years ago?)

The story of Lowry's self-destruction is terrible and terrifying: every page of this history is soaked in alcohol and, by association, in misery. The focus never wavers, and is best expressed in a sentence from a letter from Mexico attributed to the drunken ex-consul Geoffrey Firmin – that is to say, Lowry's *alter ego* – in *Under the Volcano*: – "And this is how I sometimes think of myself, as a great explorer who has discovered some extraordinary land from which he can never return to give his knowledge to the world: but the name of this land is hell..."

That is indeed the subject of *Under the Volcano*, and Lowry will be remembered for having succeeded, in that novel, in giving his knowledge to the world. There lies his main achievement.

His father was a Liverpool businessman: Malcolm Lowry was not the first artist to rebel against the bourgeois family and yet to live off their money for all his life. As a mixed-up adolescent before Cambridge, he went to sea, and for the rest of his life made too much of that brief experience. In fact the single trip lasted less than five months and was fairly disastrous (his blurb writers still make it 18 months before the mast); he exaggerated, understandably, rather as Hemingway for ever fantasised about his brief service in the First War. But it produced his first book, *Ultramarine*, a mildly experimental, unsurprisingly derivative, heavily autobiographical description of the voyage.

He was already drinking. He fell under the influence of the American poet Conrad Aiken, whom Mr Bowker believes to have been his Dark Angel as well as a surrogate father. He was sexually immature and inhibited. He loathed his parents. He had a close bisexual friend in whose suicide he seems to have been implicated and for which he would suffer lifelong guilt. From these early days, he was a solitary.

He would spend most of his life in chosen exile. He first visited Mexico in 1936, discovered Cuernevaca (which he fictionalised as "Quauhnahuac"), and one day saw an Indian dying at the roadside who was being robbed of a handful of bloodstained coins: that was the germ of *Under the Volcano*.

His best years were in a simple shack on the seashore north of Vancouver with his second wife, Margerie Bonner, a one-time silent-screen actress who may be alternatively seen as an hysteric or a heroine. The shack was to be their base from 1941 to 1954 and when Lowry was there, with Margerie, he managed to keep the bottle more or less at bay. She believed that she was the keeper of his genius and he became dependent on her, though that did not stop him trying to kill her from time to time.

When he was dead, she published the manuscripts he had been fiddling over interminably – *Hear Us O Lord From Heaven Thy Dwelling Place*, in 1961, *Lunar Caustic* (1963), *Dark As The Grave Wherein My Friend Is Laid* (1968) and, more controversially, the unfinished *October Ferry to Gabriola* (1970). (Picador keep Lowry's books available in Britain in paperback).

Lowry died, aged only 47, in 1957, after aversion therapy, truth drugs, ECTs, etc. It must surely have been suicide, though even his biographer is not certain: 20 sleeping pills were missing, leave aside the gin and the barbiturates and the vomit. Some years before he had written, "I have to confess that I am going steadily and even beautifully downhill: my memory misses beats at every moment and my mornings are on all fours... In a nutshell I am only sober and merry in a whisky bottle... I have now reached a position where every night I write a novel in my imagination, have total recall, but am unable to write a word... "

PURSUED BY FURIES: A LIFE OF MALCOLM LOWRY
by Gordon Bowker
HarperCollins £25, 672 pages

Mr Bowker believes that "almost certainly Lowry is the least-known British literary genius of the twentieth century". Hence this labour of love. I wonder whether he protests too much. We are offered comparisons with Joyce, Proust, even Faust. But I suggest we should be more cautious, even if we grant that *Under the Volcano*, in which the last day in the life of the alcoholic diplomat Geoffrey Firmin is given a transcendent universality, is certainly one of the great novels of this century.

Once the *Volcano* was achieved, Lowry staggered from one manuscript to another, never settling on the successor which his publishers needed. Everything he wrote, as Bowker agrees, was essentially autobiography: he surely did not possess that wider creative imagination of the greatest novelists, and nothing he wrote ever suggested that he was interested in developing that wider dimension.

Which is not to deny that he had a lovely talent. If you are new to Lowry, I suggest you turn to "The Forest Path To The Spring", the concluding short story in *Hear Us O Lord From Heaven Thy Dwelling Place*, an episode which Lowry claimed would hold the *Paradiso* position in his never-written six-novel scheme. Bowker describes it, rather nicely, as a "prose anthem" to his wife and their simple life in British Columbia. It survives re-reading, and suggests a happier interval in a sad life. It ends:

"And I remembered how every evening I used to go down this path through the forest to get water from the spring at dusk. Looking over my wife's shoulder I could see a deer swimming towards the lighthouse.

"Laughing we stooped down to the stream and drank."

J.D.F. Jones

A case of deception all round

THE TRIAL of three former executives of Matrix Churchill, one of Britain's biggest machine tool manufacturers, for breaching export regulations on shipments started quietly for a case that was to erupt into one of the biggest political scandals of our time.

There was little to excite the press as the Old Bailey plodded through technical issues about lathes used to make weapons for Iraq. Reporters were reaching for their coats on a typically dreary afternoon when they heard the sort of words that are guaranteed to stimulate a Pavlovian reaction. Defence barrister Geoffrey Robertson, QC, was questioning Ron Ash, the company's head of defence projects.

"Did you know that throughout 1987 and 1988, Mark Gutteridge was working as an agent for British intelligence?" asked Robertson. Ash looked shocked. He knew Gutteridge who had been a close colleague at the company, but he did not know this. "No," said Ash.

The deliberate injection of spying activities had the desired affect for the defence. It made front page headlines in the New York Times the next day and ensured that the press bench would be packed for the rest of the trial.

Publicity was vital for Robertson's game plan. He knew that his client, Paul Henderson, Matrix's former managing director, had also worked for the intelligence services. First he would build up the picture of a hero who risked his life for his country and second, for good measure, he would create in the minds of the jury a fourth defendant, absent from the courtroom – the government itself.

When Alan Clark, the former trade minister, stepped into the witness box to give evidence for the prosecution, he was the nearest the court would get to a human manifestation of government. He told the defence that he had coached machine tool manufacturers on how to couch their licence applications in terms that would stress the general applications of the machines. He admitted that he knew the machines would be used for military production, and he agreed he been economical "with the *accualité*."

The trial was over. The prosecution could not continue with charges to which the government was an apparent accessory. Clark's performance drew the admiration of Henderson afterwards as he and his colleagues toasted their acquittal. Clark had told it how it was. He had not gone along with the deception.

While the Matrix three had been acquitted, the fourth defendant would be dragged back for a re-trial in the form of a judicial inquiry before Lord Justice Scott. Scott's brief was to examine the guidelines on the export of defence equipment to Iraq.

THE UNLIKELY SPY
by Paul Henderson
Bloomsbury £16.99, 240 pages

The issue of the guidelines which has now eclipsed the Matrix Churchill trial itself was regarded as irrelevant by the Customs and Excise, which brought the charges. They were merely concerned with the product descriptions on the licence applications which they said did not accurately reflect the nature of the exports.

This is one of the remarkable elements of the Matrix case. There was deception all round and in retrospect, even having read Henderson's own account, it is difficult to judge just who was deceiving whom about what.

There was double-dealing too. No one was more surprised at Robertson's question to Ash than Gutteridge. He had agreed to help the defence but had not intended his name to be introduced in the way that it was. He had not told his family about his spying. It would come as a shock to them.

The friendship between Henderson and Gutteridge was severly tested by the revelation but has survived and they continue to work together in the same company.

All Henderson ever wanted to do was to make machine tools. He began as a boy apprentice at the company which, after a succession of takeovers would become Matrix Churchill and which he would head.

His rise through the ranks, however, coincided with a gradual decline of the British Machine Tool industry. When credit to Eastern Europe ran out, so did the orders. Western companies sought new markets elsewhere. The emergence of Iraq with money to burn would be the saviour of more companies than Matrix. It did not matter to British, German, Swiss and Italian machine tool makers that they were dealing with a regime that gassed its own people.

The Matrix directors entered into a Faustian pact with their Iraqi customers who agreed to to buy the company. Because of debt write offs, the Iraqis got the company for nothing. Only afterwards did Henderson discover that two of his fellow directors were Saddam's henchmen, working for Iraqi intelligence.

Henderson is an ordinary Midlands businessman who wanted to make money, agreed to help his country, undoubtedly risked his life, and found himself a pawn in one of the great power plays of the 20th century – the struggle between Western ideals and Moslem fundamentalism. His story is only a part of the arms to Iraq affair, but an important part. It exposes corruption in government, corruption in many parts of society, and should be read by all those who ask themselves, how did it happen?

Richard Donkin

Very Peter Hall

THERE HAS been a decline in the art of autobiography or perhaps one should say, more accurately, in the standards of editing. The memoirs of Sir Peter Hall, the theatre director, turn out to be quite as dismal as those of Kenneth Baker, the politician, published a few weeks earlier. And they are dismal for the same reasons. There is an excessive use of the first person singular and a not entirely convincing parade of self-justification. Above all, there is a failure to reflect, to stand back and put matters into perspective.

Hall's Diaries were published in 1983 and were interesting raw material for a studied work later that also took in subsequent years. The opportunity has been neglected. Here is a man who directed the Arts Theatre at the age of 24, gave London its first production of *Waiting for Godot*, went on to lead the Royal Shakespeare Company, then the National Theatre, and intermittently produced operas around the world. It would be instructive to read his considered thoughts on theatre and the art of directing, coupled with a view of how a life in the arts has compared with developments in society as a whole.

Hall has no such discipline. So far as he is concerned, nothing has changed except for the worse, defined as an unwillingness on the part of the British government to go on increasing subsidies to the theatre. Hall is a reactionary posing as a radical. He writes that he "never felt part of Imperial Britain because I belonged to the wrong class and went the wrong schools". In fact, he went to perfectly decent schools and on to Cambridge University.

His father was a station master, presided over a staff of three and had a house to go with the job, although only five trains a day passed through the station. One cannot help thinking that Hall believes the modern theatre should be run much like the old railways: regardless of costs, regardless of customers. At least the trains ran on time.

MAKING AN EXHIBITION OF MYSELF:
by Peter Hall
Sinclair-Stevenson £20, 419 pages

Hall has been through a lot of adventures, sometimes marriages, sometimes affairs. His obsession is sexual. When he went to see an amateur production of *Robinson Crusoe* at the age of five, he found it a "very erotic experience". Even now, the most complimentary adjective he can apply to an artistic performance is "sexy".

For a theatre director rooted in Shakespeare his vocabulary is limited. He says he learned from F.R. Leavis that "sloppy writing is the result of sloppy thinking". On the evidence of this book, he did not learn well. In the lines "with a feeling of enormous relief, I gave up religion. It has worried me ever since." the reader is left to guess what the word "it" refers to.

Hall writes that he has never been affluent. Yet on his 30th birthday his first wife, Leslie Caron, gave him a vintage Rolls-Royce. That was to go with the open Jaguar XK150 "in British racing green with tan upholstery" which he already owned. When he took over at the National Theatre, he appeared in an advertisement for Sanderson's wallpaper. Sanderson's completely redecorated a room in his house for the occasion. The ad appeared with the words "Very Peter Hall, Very Sanderson's."

True, Hall now admits that the wallpaper episode was a foolish mistake, but it is not surprising that the press should have begun to send him up. There was also the suspicion that in the many productions he undertook simultaneously he was beginning to look like an absentee landlord.

This is not the place to comment on his abilities as a director because the art of theatre is not essentially what *Making an Exhibition of Myself* is about. Yet one wonders how a man who claims to be punctilious with detail can write such a sloppy book. One wonders even more about the publisher's lack of an editor. Possibly no-one can direct Peter Hall.

Malcolm Rutherford

COLLECTING

A warm welcome for a patchy revival

*A whole raft of fairs is transforming the selling methods of the antiques trade, says **Antony Thorncroft***

ANTIQUE dealers in London – indeed, throughout the UK – need reasons to open their shops these days. Trade has been poor for almost three years and the arrival of the busy autumn season with its rush of auctions, fairs and exhibitions does not by itself promise any improvement.

If, however, business remains patchy, with some dealers welcoming back long-lost clients while others wonder if the struggle is worth it, at least there is a consensus that the worst is over. The economic revival, on which the profitability of the antiques trade depends, might still be wobbly and continental dealers, who enthusiastically filled the gap left by the disappearance of American buyers, are sure to be less active as their national economies falter. But few imagine a deterioration and many expect a better year.

The first sprouts of a revival are emerging through the permafrost. Cork Street, the high street of modern art in London's West End, welcomes two new dealers: Beaux Art, which is already well established in Bath, and David Messum who is renting The Gallery, at No 28, until Christmas.

For Messum, this is a remarkably quick comeback after being liquidated by his bank last year. It discovered he was the best person to sell his stock of British Impressionists and he is now concentrating on the lower price range.

Prices this autumn will be no higher than a year ago. This is certainly true of pictures and antique silver. Good furniture, especially country furniture, has held its value although Georgian brown furniture is marking time.

Another dealer to catch the new mood is Alastair Sampson. He is holding a sale – a clear-out of his Brompton Road stock in west London – in preparation for a move into smaller premises in Mayfair. Some ceramics are going at cost, or less.

Also available in London at the moment (at Connaught Brown in Albemarle Street until October 7) is the Affordable Art exhibition to which many leading galleries have assigned work priced between £100 and £2,500.

Trading through small shops might not be the future for all in the antique trade, though. Lord Derwent, chairman of the London and Provincial Antique Dealers' Association (Lapada), lists the problems facing his members on top of the collapse of the market: the business tax, fire regulations and other bureaucratic red tape, burglaries, and ram raiders.

He is also concerned that, in the short term, changes in European Community regulations – which have imposed value-added tax on some imported goods and limited the traditionally free market in antiques enjoyed by the UK – will allow France to reassert its historical role in the art trade.

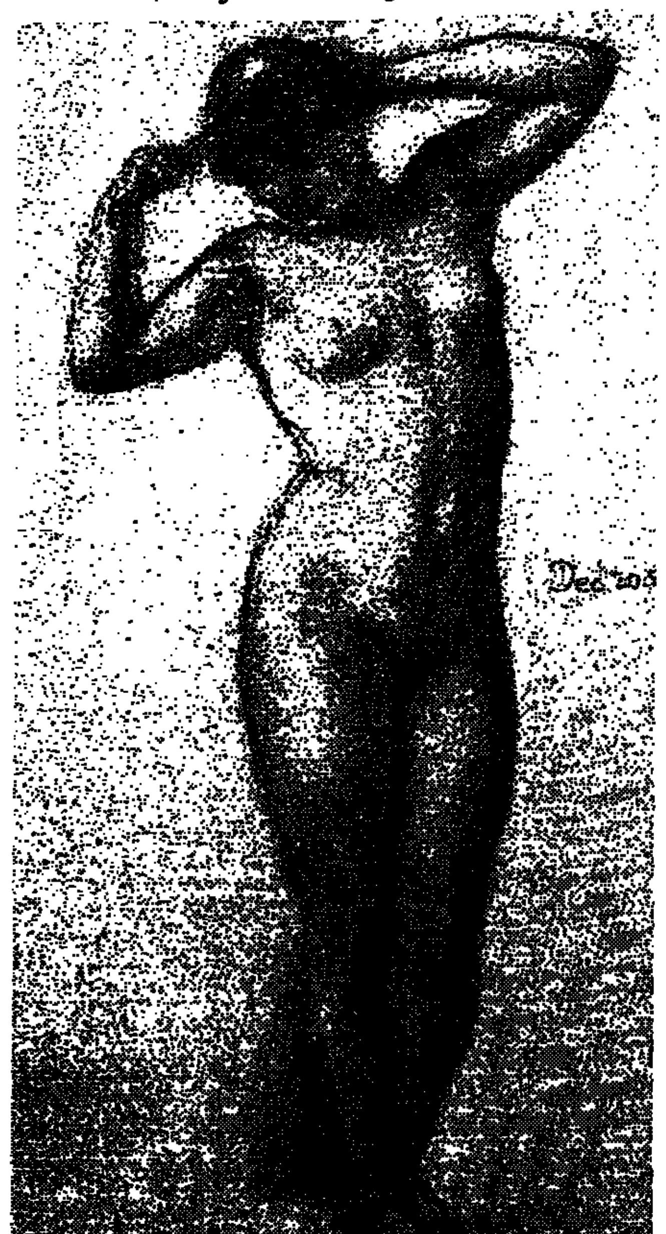
Derwent believes that any substantial revival in turnover waits on a recovery in the housing market. Not only would this help art-lovers to feel richer – it would also quicken the rate of house removals, a potent reason to buy more antique tables, chairs, decorative furnishings and the rest.

More and more dealers, under pressure from bank managers to reduce their overdrafts, are closing their shops and operating from home, using the many antique fairs to meet new customers, acquire stock and catch up with trade news. The fair season never ends, but last weekend marked the start of the autumn rush with the successful specialist fair of 20th century British art at the Royal College of Art, which saw established names like Elisabeth Frink and Graham Sutherland selling well.

On October 12 comes the third show organised by Lapada to promote the stock of its members. It, too, will be held at the Royal College and the 60-plus dealers will be working to the theme "The human form in art." All the objects are vetted and range in price from £50 to £500,000.

Then comes the November Olympia (to be followed in February by another fair at the mammoth west London venue, this time with no date restrictions on the items for sale); the old City of London Fair, formerly at the Barbican but now moved to the Business Design Centre at London's Angel from October 28; and the eagerly awaited Harrods Fair, which aims to provide international collectors with a wonderful excuse for Christmas shopping. These are just the most prominent of a whole raft of fairs which are transforming the selling methods of the antiques trade.

Two 17th century Nevers faence figures dated 1637 and 1638 respectively will be shown by Windsor House Antiques at the Lapada show this month



Peter Nahum will be showing "Study for Diadumiene" by Sir Edward Poynter, at the Lapada

Even the dealers wedded to their premises see less of them these days: they are out hunting for stock. Along with hesitant buyers, the main problem is the shortage of quality antiques; potential sellers are waiting for prices to rise.

Even the losses of the Lloyd's Names, many of whom were keen collectors of antiques, have released few decent items on to the market. But the problems at Lloyd's have undoubtedly reduced buying demand, especially in regions like Sussex, although one dealer there is attempting a new approach to marketing in a cold climate.

Michael Keehan, of Michael Norman Antiques, has just opened the largest retail antiques furniture store in the country, if not the world.

He has acquired the freehold of the former Maples store in Hove, next door to Brighton, and is displaying up to 5,000 pieces of 18th and early-19th century furniture with a total value approaching £10m. Keehan is hoping for an annual turnover of £4m.

The auction houses have few headline-making sales. Christie's has potentially the top price in London before Christmas with a Gainsborough landscape of peasants going to market – being sold, amid some controversy, by Royal Holloway College – on December 10 and expected to make £4m.

The steady dispersal of the national heritage continues with Lord Radnor's decision to sell three 16th century bronzes by Giambologna, the Florentine master, three days earlier. He hopes to raise more than £750,000 to secure his family home, Longford Castle in Wiltshire.

Sotheby's sales include a collection of many hundreds of botanical and ornithological drawings amassed by a Major-General Farquhar in Malacca around 1815; these are being sold by the Royal Asiatic Society, which should be £500,000 richer on October 20. Some members, however, oppose the sell-off strongly.

In recent months, the dealers have been asserting themselves again, fighting against the dominance of the salerooms. Their trade bodies, like Lapada and the British Antiques Dealers Association (Bada), have become more effective.

This autumn, Bada continues its 75th anniversary celebrations with a barrage of exhibitions by members. These range from 18th century objects of vertu at Halcyon Days (in Brook Street W1) from October 12, to The Monarchy in portrait miniatures at D.S. Lavender (Grafton Street W1) from October 25.

Dealers in the Cotswolds alone have put together 14 exhibitions for the autumn. In addition, there are such regular autumn exhibitions as the annual October show of marine paintings at the Royal Exchange Gallery in London EC3. Indeed, this gallery sums up the trade. Business had been quiet until August; then, it took off, fuelled by the rise in the stock exchange.

The exchange depends on improving economic indicators for its recovery. If these look better over the next month or two, then the antiques trade will have a good year. It is as simple as that.

Dealers play it safe

Susan Moore, in Florence, finds the Italians curiously quiet

AN uncharacteristically muted mood settled on last week's gala opening of the 18th biennial international antiques fair at the Palazzo Strozzi in Florence.

With most Italians preoccupied by the country's political and economic uncertainties and worried by the new taxes, it seems unlikely that it was simply the torrential rain that prompted the diminished attendance and dampened spirits – and discouraged the usual exuberant immodesty of hemline.

Even the fair's future is in question. After years of discussion, it seems that the 15th century palace will receive its long-overdue renovation. Top priority is the removal of the disfiguring 1950s metal fire-escape from the palace's elegant open courtyard that any number of swags of fruit and flowers, banners, potted trees or obelisks fail to mask. Will the work be finished by 1995? Will the exhibitors bear the burden of increased costs? The fair is synonymous with the Palazzo Strozzi. The city fairground at the Fortezza da Baso lacks its cachet.

Unlike its counterparts in Milan and Rome, the Florence fair has never been a pre-eminently commercial event. Few dealers expect to do much business here.

"I'm here to see that children don't touch anything on Saturdays," one gallery assistant quipped. Instead, the fair prides itself on being a meeting place and a showcase for the best the dealers have to offer, an elegant event to launch the Florentine autumn season.

Certainly the fair looks better than ever. The small over-stuffed stands that seemed to transform the Renaissance palazzo into a souk have been replaced by airier and more gracious spaces. Dealers have been taken out of the sultry, basement which is now a "strongroom" for silver and jewellery.

Florentine dealer Giovanni Pratesi, offers a grandiose mixture of the rare and the historically important. Leone Cei presents fine 17th century pictures which include striking canvases by the father of Neapolitan still-life painting, Luca Forte.

A small but choice group of Old Master drawings, shown by Munich dealer Katrin Bellinger, grace a stand shared with Harari & Johns. Attracting most attention at the gala, however, was the exhibition of erotic clocks and watches brought by Swiss watchmakers Blancpain.

As for the top dealers bringing their very best, however: I think not. The glaring exception is London Old Master dealer Richard Green, exhibiting in Florence for the first time. His awkward corner stand, more thoroughfare than gallery, is conspicuous by its quality. It boasts no less than a pair of Bellottos, two pairs of Canalettos, including rare views of Florence, a large Boudin, Fantin-Latour roses and a wall of Dutch cabinet pictures. "The most expensive corridor in Florence outside the Uffizi," grins Jonathan Green. With price tags amounting to some $15m (£9.70m) he is probably right.

Most dealers are playing it safe. Few want to risk exposing their most important – or their freshest – stock when there is a good chance of it not selling. The days of frenetic, often indiscriminate buying of Italian art at crazy prices, where perhaps 70 per cent of pictures sold at auction outside the country went to Italian bidders, often paying in cash, are over.

It has been possible to do business at the top end of the market, however, where prices have remained stable. The Italians have long preferred to confine their bigs deals to the privacy of their own galleries, well away from the beady gaze of the taxman. "Perhaps more than ever, the most important thing is to be discreet", says Alessandro Montanaro of Visconteum.

Most worrying, perhaps, has been the withdrawal from the marketplace of the professional classes.

However, at least there seems to be some equation between quality and price in the Italian art market.

Visitors to the Palazzo Strozzi fair will, however, find maddeningly few descriptive labels and certainly no prices pinned to the walls.

The growing professionalism of the Italian art trade ought to extend to more rigorous vetting procedures at its antiques fairs, as witnessed at the new Turin fair recently.

It would also be in the long-term interests of both dealer and collector to rid themselves of the so-called "expertises" that plague far too many works of art.

The fair continues at the Palazzo Strozzi until October 11.

Once upon a town . . .

THINK OF a town near a capital city which has relics of Neolithic and Iron Age cave settlements, an Archbishop's Palace with a great hall dating from the 14th century, and as fine a set of Victorian churches as you will find anywhere. This little town grew quietly, but its neighbouring capital city spread and spread until the town was engulfed by the city and umbilically linked by an iron road to that city's centre.

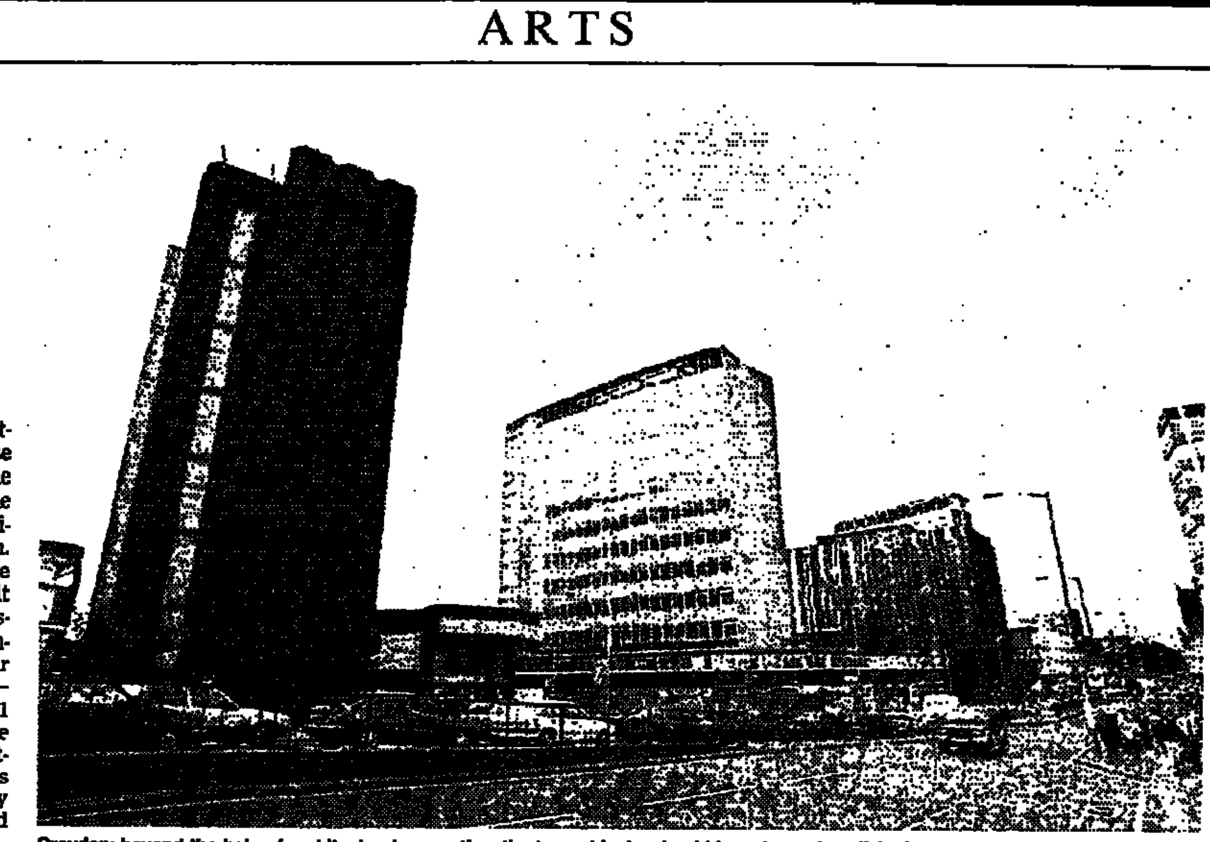
The iron road went in both directions so that people could flood into the capital but they could also flood into what had been the little town. Soon it was hard to tell the difference between the two places the little town began to look more and more like the capital city with towers of commerce and routes of concrete.

Poor Croydon, for that was the name of the little old town, lost almost all traces of its past and settled for the strange role of office limbo, occupied from nine to five by visiting worker bees. All this happened in the 1960s when East Croydon Station turned into a giant magnet and drew towards it offices and towers and concrete roads and car parks like strings of giant iron filings. By any standards the addition of over five million square feet of offices to any town is a shock, but Croydon coped because, unlike the doomed Canary Wharf, it had proper and efficient transport links with the capital and was, whatever you may think of it, a place.

The trouble was that when this little old town decided to grow, it chose the wrong fairy godmothers in the shape of architects. There is not one new building of the 1960s of any serious architectural merit in Croydon. All the old commercial favourites are there. R. Seifert and Partners built their strange 23-storey octagon. Biscoe and Stanton tried to make concrete look like folded paper in their building for General Accident – strangely well named . . . Some 11 acres of Croydon were covered in five years from 1965 by the dreadful Whitgift Centre designed by the architects Fitzroy Robinson and Partners. Today it all looks desperately sad and should be demolished.

Instead of grasping the nettle of demolition, the city fathers of Croydon have decided to go for some fashionable architectural cosmetics. The fact is that Croydon is worried. It is landed, as are many commercial centres, with out of date concrete office blocks which daily function less and less well and embody a kind of an office culture that is increasingly out of date. But it is highly questionable whether a place like Croydon needs the sort of random fantasies that have been proposed by the Arts Council backed Architecture Foundation in the exhibition tent that will stand outside Croydon's Fairfield Halls for the next three months.

There are some 15 proposals from 15 architectural firms in the exhibition, *Croydon the Future*. The centrepiece is a scale model of Croydon which can be enjoyed with the help of interactive touch screen computer technology. But the a real problem is that Croydon is not Paris, and this series of Grands Projets can only ever be the icing on a very dull cake. Indeed some of the architects, daunted by the terrible reality of the centre of Croydon, have literally put some icing on the existing buildings.



Croydon: beyond the help of architectural cosmetics, the tower blocks should have been demolished years ago

The entertaining firm of Birds Portchmouth and Russum use the tops of Croydon's multi-storey car parks as the bases for new inflatable structures to house "civic and cultural events." Its a strangely 1960s idea, but one that is practical enough to happen. Richard Rogers offers Croydon a skeletal tower that provides the residents a permanent low energy light show. Future Systems have designed an elegant bridge that leaps over some of the dreariest parts of the town centre. The best scheme is one by Richard Horden, which wraps up a four lane highway, and puts a sheltered pedestrian zone in the centre large enough to house arts and eating activities.

How wise are the councillors of Croydon to hitch their wagon once again to an architectural star. They got it commercially right but architecturally wrong in the 1960s; will the emphasis on design rather than function this time do the trick to make Croydon an agreeable place? I suspect that the answer is no. Good makeup cannot hide bad bone structure.

What no one has proposed is that the centre of any city needs people to live there. When will developers realise that what England badly needs is good private housing, at least as good as the average Manhattan apartment. Tower homes in city centres can be fine if they are well designed, well serviced and supported by sports and leisure facilities.The architectural profession should take the lead because more and more people are going to live and work at home.

How exciting it could be if somewhere like Croydon had taken a serious look at the way we are going to live in cities in the future instead of tacking on to a decrepit and defunct vision of the 1960s the stylish and often hopeless nostrums of the 1990s. Poor old Croydon, there is not much hope here . . .

Colin Amery

Poetry in performance

After Stevie Smith

"THERE'S ALWAYS another poet," said that great humourist in verse, Stevie Smith; but when she died in 1971, readers of poetry might have been forgiven for wondering whether any of these poets were likely to be female. A quick look back at some of the most influential poetry anthologies published in the 1960s and early 1970s seems to suggest otherwise: A.L. Alvarez's enormously influential *The New Poetry* (1963) gave us 18 men and just two women; *British Poetry since 1945* is even more strikingly unbalanced: 81 males to six females. Was this a true representation of the respective merits of male and female poets at the time – or an example of gender bias on the part of male editors?

One publisher that has been doing its utmost to let the voices of younger women poets be heard is Bloodaxe Books of Newcastle, which this week launched both a new anthology of women's poetry from Britain and Ireland, *Sixty Women Poets*, and initiated a countrywide promotion of this book and six new collections of poetry by women (all represented in the anthology) in conjunction with Waterstones.

The reading to launch the anthology, convened in an upper room at Waterstones, Charing Cross Road, was steamy with apostolic fervour. Sixteen of the poets in the anthology read a single poem each; and then came a wide ranging debate on some of the tougher issues of women and their writing.

The poets who read, like the anthology itself, ranged widely in mood and subject matter: Pauline Stainer, in a remarkable short poem, memorialised the firefighters of Chernobyl; novelist and poet Elaine Feinstein celebrated the unexpected pleasures of ageing; Jenny Joseph wrote of the difficulties of naming things, the problem of bridging the gap between the name and what is named; Moniza Alvi, born in Pakistan, read "The Sari", a poem in which she imagined herself a foetus inside her mother's body who is able to look out and see her future stretching ahead of her; Hilary Davies, in "The Ophthalmologist", described an eye examination, the eerie touch of prying fingers on the skin; Connie Bensley, one of the older poets represented, gave us in her small, meticulous, Home Counties voice, a delightful poetic miniature of three elderly aunts in a garden, fat, comfortable, benign.

The anthology represents a selection of the best work from the past 20 years, taking Stevie Smith's death as its starting point. Many readers will baulk at the very idea of a gender-based anthology: is not the purpose of poetry – as of any art – to unite people and not to divide them?

But such an anthology as this one was needed. Women poets *have* been under-represented; and anyone who dips into this one will find evidence everywhere of the way in which female poets have gained a new confidence both in their own abilities and their power to speak out on matters of every kind in recent years.

This is not a collection of poems about "purely domestic" or "female" matters. Erotic, rambunctious, gutsy, it reads like a celebration by women as writers, equal, both in talent and thematic range, to any of the male poets writing today. Nor is this a carping, defensive book as it might have been if it had been published when the women's movement was at its most vocal. It quietly assumes that certain battles have been fought and won. It deserves to be read if only for the pleasure of discovering some of the older women poets – Elizabeth Bartlett and E.J. Scovell, for example – who might have been in many earlier anthologies if the anthologists had thought them worthy of attention. And – the greatest pleasure of all – the poetry is unpretentious. You do not need an English degree to enjoy this book of poems.

■ *Sixty Women Poets*, edited by Linda France, Bloodaxe Books £6.95. Poets published this month include: *The Country at my Shoulder*, Moniza Alvi (Oxford, £6.99); *Angel*, Ruth Padel, (Bloodaxe, £6.95); *Other Lovers*, Jackie Kay, (Bloodaxe, £5.95); and *White Eyes, Dark Ages*, Deborah Randall (Bloodaxe, £5.95).

Michael Glover

'Small Blue Executive World', 1993, by Joanna Price: on show at Victor House, Richmond Road on October 16 and 17

Artists open their doors

Lynn MacRitchie finds SPACE full of community spirit

FROM THE East End to Vauxhall, more than 200 painters, sculptors, photographers, printmakers, installation and film and video artists will be "at home" to the public during the first three weekends in October, giving an opportunity to glimpse their working environment as well as to admire – or to buy – their finished products. The occasion is the 25th birthday of SPACE, the remarkable organisation founded by artists in 1968 and still going very strong today, finding, renovating and renting out cheap studio accommodation.

Studio visits and tours are complemented by events and exhibitions throughout the month. This weekend, things kick off with the opening of the studios at Lea Bridge Road, Eastway Baths, and Britannia Works. Events include jazz and performance arts at Lea Bridge accompanying an auction of sculpture, painting, prints and works on paper, the proceeds from which will go to the Robert Grace Trust, a charity which provides practical support for people with Aids and their carers. Artists from the studios at Dace Road have donated a portfolio of prints for the auction.

At Eastway Baths, an outdoor sculpture exhibition has been mounted including site-specific installations, wall pieces and free standing work. Another, limited edition print portfolio has been produced by the artists from Britannia Works, which will be exhibited and on sale at The Gallery at John Jones. All proceeds from sales of the portfolio, a limited edition of 12, will go to fund educational workshops organised by the artists for local community groups.

This commitment by SPACE artists to working with the communities in which their studios are located has always been an important aspect of the organisation. The acronym stands for Space Provision, Artistic, Cultural, and Educational, and one of its aims is to offer cultural and educational activities run by artist members or making use of its accommodation. The artists are thus recognised not as freeloaders, dropping in to a poor or run down area to get what they can out of it, but as a stable part of the community, offering an open door to a creative and supportive environment.

The artists who founded SPACE Studios (and its associated organisation AIR, the Art Information Registry) in the late 1960s were a wide ranging group which including Bridget Riley and Peter Sedgley. SPACE and AIR merged into the charity Art Services Grants Ltd (ASG) in about 1973 and it is under these auspices that SPACE continues its work today, with funding from the London Arts Board.

SPACE and AIR were not the only artists organisations set up in the late 1960s and early '70s but SPACE is one of the few to have survived with its aims and methods almost intact. The notion of democracy in the arts was very much part of the mood of those times. The artists associated with AIR and SPACE and other organisations such as the Artists Union, the Artists Placement Group and various women artists groups actively tried to intervene in the Arts Council's awards procedures, for example, or protested at the methods of selection of prestigious exhibitions. Much of the artwork of those times was similarly questioning of the status quo, breaking down barriers and exploring new materials and ways of making art and of making art accessible.

Artists once again face hard times. Galleries are closing, funding has been slashed and patrons are both few and cautious of new work. Once again the empty buildings of the city hold out a promise – but this time it is developers and landlords who are asking the artists in, to fill the empty spaces nobody wants to rent. In response, SPACE has become professionalised.

Running a charity now, in the words of its director, Eva Woloshyn, is like running a business, a business which must be as dynamic and efficient as possible. Although SPACE had difficulties during the property boom of the 1980s, it managed to hang on to its property portfolio. During the recession, its charitable status has proved a source of strength. A prospective tenant who is entitled to a mandatory 80 per cent rebate on the standard business rate is a welcome sight to landlords whose more conventional tenants have been driven out of business by rate increases, leaving behind empty properties. Offers of buildings are carefully considered, with the amount of work required to convert them now seen not as a labour of love but as a cost which must be recouped over time.

SPACE's days of taking on anything, working for nothing and moving on are over. The old commitment to bringing artists into closer contact with the community remains, however. Eva Woloshyn believes that, in the properties it leases from the public sector, SPACE can take buildings which have been lost to the public through local authority spending cuts back into community use, as has been done at the Eastway Baths in Hackney, for example. The open studio weekends are a vital part of this process, as well as a great deal of fun.

Space Open Studios October 2-3, 9-10, 16-17. Assisted by The Monument Trust. Details of venues, visits and tours from The Friends of Space, tel 071 613 4110, or from the SPACE office, 071 613 1925.

Video/**Nigel Andrews**

Present day fairy tales

FAIRY tales in this century have chosen cinema as their natural domain. Finding enchantment-mileage in Moviedom's facilities for fantasy – trick photography, animation, modelwork, music – they have also broadened the very definition of what they are. "Fairy tales" for filmgoers are not just fables about princesses, frogs and witches. They can be almost any romance which raises the "real" to the fantastical by exploiting the tropes of the medium. Stars; exotic scenery; hi-fi moral lessons; ritualised, music-washed happy endings.

Disney's *Beauty And The Beast* (Buena Vista) is October's field-leader in the Traditional Fairy Tale stakes. But the new video month also boasts *Scent Of A Woman* (CIC), *Forever Young* (Warner), *Accidental Hero* (Columbia) and a dozen other runners and riders competing for the Romantic Fable Trophy (sometimes incorporating the High-Class Schmaltz Medallion).

The Disney film is delight at 24 frames-a-second. The studio recaptures its finest touch, scattering stardust over every component. Music; comedy; artwork (wind-wracked castles, wolf-prowled snowy forests); romance (who will resist a sob at the Beast's final love declaration?)

But Hollywood's live-action fables today are scarcely less artfully choreographed for enchantment and moral parable. What is *Scent Of A Woman* if not a buddy-buddy "Beauty And The Beast"? Al Pacino plays the heavy-breathing ogre, a suicide-prone blind Colonel going to New York for a last night on the tiles; and young Chris O'Donnell is the innocent who strays into his orbit, an *ingénu* schoolboy escort who first hates but finally comes to love the old curmudgeon.

If your handkerchief is still dry after that film, how about the cryogenics weepie *Forever Young*? This has love-bereaved airman Mel Gibson deep-freezing himself so that he can wake up 50 years on, far from the pain of loss. Of course he finds a New Love – or is it the Old Love disguised? – on a scenic, violin-washed headland.

Then there is *Accidental Hero*, with Dustin Hoffman as the pauper who saves a wrecked plane and becomes a media prince; and *Boomerang* (CIC), with Eddie Murphy as the go-getting yuppie who finds true love; and *Sister Act* (Buena Vista), with Whoopi Goldberg as the gangster's moll who hides in a nunnery and becomes a Warm, Loving Person.

Transformation; moral uplift; celestial intervention. Hollywood knows when there are fairies at the bottom of its in-tray. But so – let us be even-handed – does art cinema. In today's art cinema especially, storytelling is back with a vengeance.

We start out watching Sven Nykvist's *The Ox* (Artificial Eye) or Agnieska Holland's *Olivier Olivier* (Tartan) or Claude Sautet's *Un Coeur En Hiver* (Artificial Eye) expecting dour, deconstructive works from European Cinema. But lo! Nykvist's film, based on traditional folk yarn, is a fantasy-touched fable about a man who rediscovers joy after a jail term for slaying an ox to feed his starving family. Holland's story of a missing boy who magically returns to his family – or is it a double? – is a bewitching kiddywink variant on *The Return Of Martin Guerre*. And in Sautet's film we sense the fairy-tale capitalised characters and upper-case emotions as Coldhearted Violin-maker Daniel Auteuil warms the heart of Beautiful Violinist Emmanuelle Béart. (But will Cruel Fate intervene?)

Some movies, of course, stretch fairy-tale traditions in a different direction: away from romance towards farce. When you have had enough of uplift or high emotion, you should try two cracking comedies that turn social satire into pantomimic fantasy. Peter Jackson's *Braindead* (Polygram) is a New Zealand "splatter" comedy about the beastly things that happen in suburbia once flesh-eating zombies are loose. And Paul Bartel's *Scenes From The Class Struggle In Beverly Hills* (MGM/UA) does much the same for the land of the movie stars: though for zombies read film producers, primadonna actresses and other well known society carnivores.

Radio/**B.A. Young**

The scourge of God

RADIO 3 resumed its Marlowe season on Sunday with a whole evening of *Tamburlaine the Great*, both parts. It took almost four hours. There was of course a good deal of cutting, but not of narrative lines, only of repetitive description or of lists of proper names. I was sorry, all the same, not to hear the prologue; where Marlowe promises to lead us from "jigging lines of rhyming mother-wits" to "the stately tent of war", for he put the same feeling into the play itself. Minor Asian kings yield their crowns almost at once when confronted, not so much with conquest by Tamburlaine, as with verbal challenge. But there is conquest enough later.

The plot tells of little beyond its account of the conquests of Tamburlaine, "the scourge of God", over every middle-Eastern kingdom he set his eyes on. There is not much account of the fighting; though the so-called incidental music by Paddy Cuneen makes a quasi-military sound between scenes. There is much interest in the encounters between Tamburlaine and his various opponents. Even in appallingly sad moments, Marlowe is as poetic as terrible. Six virgins sue for peace at Damascus. "Behold my sword," Tamburlaine invites them. "What see you at the point?" "Nothing but fear and fatal steel, my lord." "Your fearful minds are thick and misty, then – for there sits Death, there sits imperious Death." They are impaled on the walls.

Not many characters emerge as heroic, apart from Bajazeth the Turk, captured in the victory over the King of Fez and hideously ill-treated instead of being massacred like most of Tamburlaine's captives. Rudolph Walker has an attractive voice with a hint of the West Indies.

There had to be romance, and Tamburlaine is matched with Zenocrate, who bears him three sons, two of them like their father, the third a believer in humanity to one's enemies (no future for him). Zenocrate was beautifully played by Samantha Bond, with the right touch of courage, even at her death. Michael Pennington was an admirable Tamburlaine. On air, he did not have to give a bravura performance, only to speak Marlowe's matchless verse just a touch more importantly than his admirable associates, and this he did exactly. The director, Michael Fox, might have been more particular about the "eds" in past participles, but I won't make any complaint against such a beautiful programme.

Back to the "stately tent of war" on Thursday in *Dirty Tricks*, a new Radio 4 series about the use of deceit in war, presented by Peter Snow. The first programme was sub-headed *The Lessons of Troy*, the reference being of course to the wooden horse. Those are fairly broad lessons, and in 40 minutes we were in Yorktown with Washington, in Palestine with Allenby, on the coast with Admiral "Blinker" Hall, at Amiens with Rawlinson, in the Western Desert with Montgomery. The examples given were based on varying schemes, but clearly, as warfare gets more sophisticated, deceit will be easier to contrive and harder to avoid. The Germans before Alamein relied on our false "going" maps smuggled into their possession. The genuine wooden horses were the dummy tracks, mock tanks, even the pipeline made of old petrol cans. I look forward to the later programmes; so far we have hardly dealt with aerial "Tac.R" or codes.

The Classic Serial, *The Small House at Allington*, is going well. Trollope's upper-middle-class characters find contact with the aristocracy bad for them, Crosby has jilted Lily Dale in favour of Lady Alexandrina, although she insists on being called, even at friendly times, "*Lady* Alexandrina". This fictional quality of the people makes Trollope so good for radio.

ARTS

Scene from Munich's production of 'Cornet Rilke'. Matthus's anti-war opera will be heard in Britain for the first time next week

'Cornet Rilke' arrives

Andrew Clark admires the music of Siegfried Matthus

ASKED ABOUT artistic freedom in East Berlin during the Communist era, Siegfried Matthus quotes a saying about how the city was divided into three sectors – east, west and the Komische Oper.

Matthus should know: he has spent most of his working life as the Komische Oper's resident composer. The popular opera company founded by Walter Felsenstein after the war had a privileged existence under the Communists. It promoted concerts of avant-garde music which was officially banned. It taught Matthus much of what he knows about music theatre and premiered several of his operas. But only now, as he approaches his 60th birthday, is he winning the international recognition that is his due.

On Monday, Glyndebourne Touring Opera will give the British premiere of *Cornet Christoph Rilke's Song of Love and Death*, the most widely-performed of Matthus's eight operas and the first to be staged in the UK. Although Matthus has written a large body of instrumental music, he has made a much bigger impact with his operas. Like 18th century court composers who were part of a working ensemble, tailoring their music to available resources, Matthus has operated within clear boundaries – unwritten but understood by artist and patron – and has always made sure his operas communicated directly. Here is a composer who is modern but approachable, who understands the theatre intimately and uses his own voice to build on German operatic tradition.

Matthus was born in 1934 in East Prussia. As a child he played the piano and accordion in his father's dance band. When the Red Army swept across eastern Europe in 1944, the Matthus family fled west in a horse-cart, ending up at Rheinsberg north of Berlin. Another day's journey and they would have reached Allied territory. Instead, Matthus grew up in the newly-created German Democratic Republic.

As a composition student in East Berlin, his most influential teacher was Hanns Eisler – disciple of Schoenberg, friend of Brecht and advocate of the "social" function of music. Matthus gained valuable experience composing for radio plays and television, learning how to assign specific sound colours to each role and situation. Foreign travel may have been out of the question, but unlike colleagues in the capitalist west, Matthus developed within a system that proclaimed a utopian view of art, protecting those with talent from the need to sell it. When he was 30, he had his first opera premiered at Karl-Marx-Stadt (now Chemnitz). Felsenstein heard it, and promptly engaged him at the Komische Oper.

Matthus had learned from Eisler how to strip a text to the bone before setting it to music; Felsenstein taught him "how to analyse an opera from the bottom up, from a standpoint not of knowledge but of ignorance – like a child, every detail questioned and researched. It was marvellous to discover day by day how a work came into being, to see it take theatrical form on stage". The Komische Oper taught him what worked and did not work, and made him realise that "true operatic music must provoke theatre by characterising situations and personalities". Therein lies the key to Matthus's art. His operas are neither experimental nor philosophical – they are concise, singable and immediate in dramatic impact.

With few exceptions, they also have a strong political viewpoint. *The Final Shot* (1967), a story about the Russian revolution, examines the conflict between love and ideology. *Count Mirabeau* (1989), a portrait of one of the more colourful French revolutionaries, is about the way individuals fashion history – not the other way round, as Matthus's Marxist teachers would have had him believe. *Desdemona and her Sisters* (1991) has a strong feminist message.

Cornet Rilke, written for the reopening of Dresden's Semper Oper in 1985, has an anti-war theme. The text is the composer's arrangement of Rainer Maria Rilke's early novella, recounting the brief life of a 17th century ancestor who was killed defending Europe against the heathen Turkish hordes. Cornet, or standard-bearer, was the title given to the youngest officer in a cavalry division. A special knapsack edition of the poem accompanied young Germans to the 1914-18 front, inspiring them with visions of glorious death in defence of the Fatherland.

Without destroying the dream-like mood of romance, Matthus interprets it as "the tragedy of a young man caught up in the frightful events of war, who overcomes the crisis of puberty by a great love experience . . . and goes blindly to his death". Subtitled an "operatic vision", *Cornet Rilke* offers little in the way of conventional dialogue or narrative. What it does provide is a 90-minute sequence of thoughts, feelings and impressions, clothed in music of lyrical power and dramatic sensibility.

Here are all Matthus's mature hallmarks – the undogmatic serialism, the dense tone-clusters, the writing of vocal and instrumental parts in similar or identical lines at narrow intervals, sometimes in canon. Another typical device is the thought-voice, a "double" for both the Cornet and the mysterious Countess who provides his night of love. The Cornet is a trouser role for mezzo, suggesting a Cherubino-like gallantry. With only 11 instrumentalists, *Cornet Rilke* has the air of a chamber opera, but conjures grander visions when the chorus – in effect, Matthus's main orchestra – is in full cry. Despite one or two over-extended scenes, the opera succeeds in matching the emotional power of the poem.

Glyndebourne Touring Opera's London season at Sadler's Wells Theatre continues till October 9, followed by visits to Norwich, Plymouth, Manchester, Oxford and Southampton

Theatre on the Fringe

Bristol romps along, London overreaches

THE HEN & Chicken Theatre in south Bristol is a rare bird in the South West of England: pub theatre of national quality. Last year the resident company, Show of Strength, won a London Weekend Television *Plays on Stage* award to produce Fanny Burney's unperformed play *A Busy Day* (probably 1800-01). Now the £14,000 prize has been spent, and the result is a fizzing production of a very funny play in an exciting venue.

Burney's life (1752-1840) was a catalogue of adversity. Her mother died when she was ten, she outlived her sister and son, and survived a mastectomy without anaesthesia in 1811. Her husband, Alexandre D'Arblay – who wrote down the manuscript of *A Busy Day* – was exiled to France during the Napoleonic wars, was kicked by a horse at Waterloo, and died in 1818. Burney's reputation has rested on her diary and four novels; in the 1980s, her work was the *sine qua non* of any politically correct university syllabus.

A Busy Day draws on the restoration comedy of Etherege, Wycherley and Vanburgh and continues the tradition of English social comedy from Ben Jonson to Mike Leigh. It has the pace of Fielding and the whimsy of Peacock. But like all of its kind, it deals principally with money and manners.

The text here is cut, with some initial confusion, but the plot romps along. Eliza Watts, born to a working-class City family, but adopted and brought up in a middle-class home, returns to London to meet her now very rich natural parents. She will marry a Mr Cleveland of impeccable but impoverished stock. The pretentious Wattses embarrass Eliza, while a stray fiancée and a raffish younger brother add to Cleveland's difficulties; so City *arrivisme* meets metropolitan *savoir faire*, with Eliza and Cleveland caught between. Cleveland's condescending uncle and aunt preside over the mess. Never has Bond Street been farther from St James's, nor Kensington perched more precariously on the rim of the hub of decency.

The language rattles along with "pish", "devilled", "deuced" and "confounded" at every turn. There are more crafted moments, between Cleveland's extravagantly romantic fiancée (played by Juliette Grassby) and his needy brother (Ian Kelly): "You're always very stupid, I must say that for you", she says. Opposite her, he is all thesaurus: "*Allow* me, Madam? Nay, ordain, enjoin, command, insist!" Between them, they have the play's best scenes. She asks him, "Do you not think that young lady ugly?" and he replies, "she stands so near to you that I cannot judge." The other principals, Wendy Hewitt as Eliza and Richard Stemp as Cleveland are at the mercy of their characters; in this game, the righteous are never as appealing as the rakish.

The direction (Alan Coveney) could be tighter and the acting more fluid and less forced, but overall the staging, the open in-the-round set (Elizabeth Bowden) and the costumes are a delight. Burney would have approved. She was Queen Charlotte's Second Keeper of Robes until 1791.

Andrew St George

Sometimes even the best of the London fringe theatres overreach themselves. This has happened on at least three occasions in the last few weeks. The Bush put on a play – Chris Hannan's *The Baby* set in Rome 78 BC – in the mistaken belief that the author is a maturing writer. The piece was simply not good enough for the performance nor for the standards we have come to expect from that theatre.

The Gate spoiled its re-opening, after some splendid refurbishing with the help of Allied Lyons, by arbitrarily transposing Ramon Valle-Inclán's *Bohemian Lights* from Spain to Ireland. The experiment might have worked if most of the audience had been already familiar with the original setting. One doubts if they were. In practice, the production was perverse: too clever by half. And I also think that the Almeida, if it can still be called a fringe theatre, made a mess of the staging of Harold Pinter's *Moonlight*. It might look a much better play in another place.

The overreaching occurs again at the New End in Hampstead where there is a revival of *Andorra* by Max Frisch. In the past year or two the New End has had one of the best track records of any fringe theatre in London, including revivals of Pirandello and J.R. Ackerley's *The Prisoners of War*. *Andorra*, first performed in Zurich in 1961, is one of the most striking and memorable of postwar European plays. The challenge of carrying it off on a small stage in Hampstead in 1993 is enormous.

One hoped for the best, as always, but they just cannot do it. *Andorra* has a large cast, a minimum of 15 if you include the silent characters. It also has a huge subject. Basically it is about questions of Jewishness and nationalism and what happened in in Europe in the run-up to, and during, the second world war. In fact, it is more subtle and timeless than that. Germany is not mentioned. Andorra is a fictitious place, not even a replica of Frisch's native land of Switzerland. The piece is about outsiders anywhere and suspicions within communities and across frontiers. The Jewish theme was topical, but it could be black and white, catholics and protestants.

The man accused of being Jewish in *Andorra* is not Jewish at all. He is the illegitimate child of an extra-marital liaison. His father simply said that he was Jewish as a way of adopting him and bringing him into respectable family life. This was presented as an act of charity at a time when helping poor Jews was seen as a good cause. Times change.

These are deep and fascinating waters, not easy to navigate. Anyone who has not seen *Andorra* before and who lives in Hampstead should make a short journey to see it. The defects are that the production is out of its depth, that the set, which is meant to be a small square in a southern European town, looks more like a sheet-lined waiting room in a hospital, and that most of the cast are not up to their parts. It would be invidious to name names, but if fringe theatre is to maintain its growing reputation, it should remember that its abilities do not always live up to its aspirations.

Malcolm Rutherford

A Busy Day until October 23 at the Hen & Chicken, Bedminster, Bristol 0272 537735; Andorra at the New End, Hampstead until October 24. (071) 794 0022

Shaw and friends entertain in Ontario

THE SHAW Festival at Niagara-on-the-Lake, Ontario, began in 1962 in the Assembly Rooms of the Court House with eight week-end performances of *Don Juan in Hell* and *Candida*. Thirty-one years later it has three theatres and runs from April to November.

The Festival's mandate is the plays of Bernard Shaw and his contemporaries, which is not as restrictive as may at first seem, since he was born in 1856 and did not die until 1950. The present season (artistic director: Christopher Newton) includes three Shaws; plays by Henry Arthur Jones, Harley Granville Barker, Carl Sternheim, Noel Coward; a Broadway musical; and a famous thriller.

The major talking point has been Neil Munro's production of *Saint Joan*, designed by Cameron Porteus. The 100 Years War is brought into the 20th century with jets, jeeps, searchlights, automatic weapons and computers. Nobody wears medieval dress until the Epilogue. The ethnic cleansing prologue with its reference to Bosnia was unnecessary, the telephone conversations artificial, the paper-shredder distracting and I was irritated that so much dialogue was spoken behind Porteus's monolithic pillars. The scenes with the Dauphin do not work at all in modern dress.

The Earl of Warwick pressing the Bishop of Beauvais to burn Joan should have worked: unfortunately, it is staged too far back, under the huge wing of an enormous bomber, and the argument plays a subordinate role to the sound of machine gun fire and bombs dropping. The trial, conducted by Barry MacGregor's excellent Inquisitor and acted with the houselights up, works. The proceedings become a committee hearing, with the court seated in front of microphones. Joan (Mary Haney) sits with her back to the audience, her weary, bewildered, intelligent face seen in huge close-up on the banked television monitors either side of the stage.

Neil Munro also directs an elegiac production of Harley Granville Barker's *The Marrying of Ann Leete*, written in 1899 when he was 22, which has had only two productions in England. The subject matter is class distinction, politics, social rebellion and the role of women in society in the late 18th century. Ann (Ann Baggley), observing the unhappy marriage of her sister (Seanna McKenna, a beautiful performance), refuses to be a political pawn and proposes to the gardener. The fragmentary scenes and half-heard conversations in the garden at night are brilliantly orchestrated. The acting of the whole company is a joy and Yvonne Sauroil's garden, designed for the round, is charming.

I had no idea how funny Carl Sternheim's *The Unmentionables* could be until I saw director Paul Lampert's very accessible update (written with Kate Sullivan) which transfers the satire at the expense of the *petit bourgeoisie* in Berlin in 1911 to suburban America in the 1950s. The action, directed at a fast pace, is punctuated by commercial jingles, which can be enjoyed either as social comment on consumerism or as nostalgia.

A civil servant's wife's knickers fall down in the street during a civic parade. Shortly afterwards two men turn up seeking lodgings and her favours. The only person, however, to have any sex is the pragmatic husband (Norman Browning, hilarious), a belligerent philistine, who beds his wife's best friend. William Vickers as a hypochondriac barber and Peter Millard as a French diplomat are very funny as the lodgers. "I am a church bell," says the latter. "My rope hangs limp, give it a tug." Sauroil's set, all vinyl kitsch in ghastly yellows and pinks, matches the vulgarity of the action.

It takes a sophisticated audience these days to accept so naive and working class an entertainment as Victorian melodrama. Henry Arthur Jones's *The Silver King* tells a sentimental story of crime, suffering, repentance and redemption. It is a measure of Christopher Newton's respect for the genre that the audience is not encourage to boo the villain (Barry MacGregor, first rate) nor cheer the hero (Stuart Hughes) until the final scene. Designer Leslie Franklish erects a vast scaffolding and the production draws on Doré, Frith, Dickens and images of the Industrial Revolution.

Newton also gauges the comedy, farce and pathos of Shaw's *Candida* perfectly; but Noel Coward's *Blythe Spirit* needed a ghost less vulgar, more ethereal.

The Festival has the excellent policy of putting on a Shavian one-acter at mid-day, an idea which out own National theatre might copy and extend to other playwrights. The jokes at the expense of English imperialism in *The Man of Destiny* go down extremely well with the Canadian/American audience.

Gentlemen Prefer Blondes, the Jule Styne and Leo Robin musical, based on Anita Loos's best selling novel and Agatha Christie's *And Then There Were None* are aimed strictly at the tourist market (and why not?) and have been playing to full houses. The strength of the Shaw Festival is that it caters for both the serious theatre-goer and the coach parties.

Robert Tanitch

Tavener turns to Akhmatova

FOR almost two decades Cricklade has hosted an intimate festival of music based on the towered Cotswold church of St Sampson's.

The Moscow Orthodox Choir, Budapest Strings and Chilingirian Quartet have all been featured, plus a stream of vocal and instrumental soloists of the front rank. This year saw the commissioning, with help from Southern Arts, of a new song cycle from John Tavener for the soprano Patricia Rozario, who sang the title role in the premiere of Tavener's latest opera, *Mary of Egypt*, at Aldeburgh last year.

Only last summer Tavener's *A Village Wedding*, a new set of Greek songs written for the Hilliard Ensemble, was heard at the Vale of Glamorgan Festival. Now he has turned to the writings of Anna Akhmatova, the poet who witnessed the hopes and reversals of revolution and survived the cultural attacks of Zhdanov, to be rehabilitated under Khrushchev as one of the giants of Russian 20th century literature.

Tavener's *Akhmatova Songs* for voice and cello are, as one might expect of this composer, simple and monodic. They are sung in Russian, though assisted by clear translations. The first three poems evoke the work of other writers: Dante, Pushkin, Lermontov and Pasternak. The first serves as a prelude, a fragile melody in minor key in which voice and cello (Steven Isserlis) echo each other; in the next, the vocal line rides high above soft cello intervals of a rising and falling sixth.

Despite a beautiful sound, Miss Rozario never quite caught the fluid, relaxed zeal of the third (marked "innocent") while Isserlis' *sforzandi* seemed unduly muted. Uncharacteristically, neither performer seemed fully abreast of Tavener's flowing lines and measured pauses; while the church's acoustic appeared muffled by the tendency of the sound to channel upwards.

The fourth song – a series of glissandoed arpeggios culminating in voice and cello settling on a held D and E flat – proved a turning point. "The Muse" ("... Did you dictate to Dante the script of Hell?") descended to precisely the awesome close the composer intended; while the whispered final song, and epilogue and recapitulation, saw a return to Akhmatova's favoured theme of death.

This compact cycle may not easily stand alongside more revealing settings of Akhmatova by Shostakovich and others, but in the last two songs in particular Tavener made good use of both performers.

Roderic Dunnett

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Working Together. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.15 Marlene Marlowe Investigates. 8.35 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Including at 12.20 Football Focus: The week's action at home and abroad. 1.00 News. 1.05 Triathlon: Coverage from Bath, as Britain's leading triathletes, Lessing and Smith, renew their rivalry in the final round. 1.55 Racing from Chepstow: The 2.00 Swansea Handicap Hurdle. 2.10 Motor Racing: The final round of the British Touring Car Championship at Silverstone. 2.30 Racing: The 2.35 Mercedes Benz Handicap Chase. 2.40 Table Tennis: England v Belgium in the International Challenge from Leeds. 3.05 Racing: The 3.10 Free Handicap Hurdle. 3.20 Table Tennis. 3.50 Football Half-Times. 3.55 Hockey: England v Ireland at Milton Keynes. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Dad's Army.
5.50 Happy Families. Peter Purves is the celebrity scorer as families from Wales and Manchester compete in a series of wacky challenges to rescue their grannies from captivity.
6.35 Big Break. Snooker professionals Stephen Hendry, Steve Davis and Alain Robidoux help contestants compete for prizes.
7.05 Challenge Anneka. The refurbishment of two bungalows to accommodate people with spinal injuries.
8.00 Casualty. A pregnant woman is brought into the accident and emergency department claiming to have been mugged.
8.50 Harry. Three grave robbers believe they have struck lucky – until an antiques expert buries their hopes.
9.40 Inside Story Special. Profile of boxer Lennox Lewis, less than 24 hours since he defended his world championship title against challenger Frank Bruno.
10.20 News and Sport; Weather.
10.40 Match of the Day. Highlights from two FA Premiership matches.
11.40 Danny Baker After All.
12.30 Film: Day of the Animals. Horror thriller about hikers menaced by rampaging wildlife. Starring Christopher George (1976).
2.05 Weather.
2.10 Close.

BBC2

6.40 Open University.

3.00 Animation Now.
3.10 Film: Foxhole in Cairo. Fact-based second world war drama about British counter-intelligence operations in north Africa. James Robertson Justice stars (1961).
4.25 Film: Khartoum. Historical drama about General Gordon, the British commander defeated by Arab tribesmen in 1883. Starring Charlton Heston and Laurence Olivier (1966).
6.30 After Millwall.
7.15 News and Sport; Weather.
7.30 DJ Heaven. Profile of Jimmy Savile, the first DJ to host Top of the Pops, interspersed with clips from the show's history.
8.00 World Chess Championship. Peter Snow presents coverage of the Short v Kasparov match.
8.30 The Music of Terezin. A celebration of the people and music of Terezin, a Jewish ghetto created by the Nazis, to the north of Prague, where painters, writers, actors, musicians and composers were imprisoned during the Second World War. Shown as a preview to tomorrow night's BBC2 concert comprising music written in the ghetto, this film profiles the composers and includes interviews with pianist Alice Herz-Sommer, actress Zdenka Fantlocva and Czech writer Ivan Klima.
9.40 The Old Devils. TV personality Alun Weaver's popularity wanes, while wife Rhiannon discovers she can still attract a lot of attention – particularly from old flame Peter Thomas, who is haunted by their guilty secret. Award-winning writer Andrew Davies' adaptation of the novel by Kingsley Amis, starring John Stride, James Grout, Sheila Allen and Bernard Hepton.
10.35 Video Diaries. At the age of 19, Jane met an American living in Britain and agreed to marry him, moving to his native New York. Three years later, she found herself bringing up two daughters in a squalid basement flat, with little support from her crack-addict husband. Fleeing back to England, she began to rebuild her life with another man and managed to forget the past – until a marriage proposal from her new lover changed everything.
11.35 Film: Charge of the Light Brigade. Epic drama about Britain's involvement in the Crimean war. Starring David Hemmings, Vanessa Redgrave and John Gielgud (1968).
1.45 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Movies, Games and Videos. Cinema and video releases, plus the latest computer games, including Jurassic Park and Danger Zone.
1.40 Film: The Bridge at Remagen. Second World War adventure in which the Germans and Allies fight over a strategically vital bridge on the River Rhine. George Segal and Robert Vaughn star (1968).
3.35 WCW Worldwide Wrestling. Action with the American giants.
4.20 Cartoon Time.
4.40 ITN News and Results; Weather.
5.00 London Today and Sport; Weather.
5.15 Baywatch. Part one. Mitch is left paralysed after being crushed between a powerful wave and a sea cliff during a daring rescue. David Hasselhoff stars.
6.05 Gladiators. Mandy Gornicki from Somerset, Paula Bisley of Oxfordshire, Roddy Mackay from Newcastle-upon-Tyne, and Northern Ireland's Stephen Robinson compete against each other and the might of the muscle-bound warriors.
7.05 Blind Date. Cilla Black plays Cupid to another handful of romantics hoping to bowl over the partner of their dreams with charming chat-up lines.
8.05 Dame Edna's Neighbourhood Watch. The trend-setting Dame, aided by Madge and Sister Bedgegood, probes the nooks and crannies of a helpless housewife's home.
8.35 ITN News; Weather.
8.45 London Weather.
8.50 The Bill. DI Haines investigates when a man's face is slashed in a pub brawl – is the victim as innocent as he seems?
9.20 Film: Frantic. Harrison Ford stars as an American doctor whose wife is kidnapped while they are holidaying in France. Alienated and alone, he braves the perils of the underworld to win her back. Roman Polanski directs, Emmanuelle Seigner and Betty Buckley also star (1988).
11.35 Film: Caravan to Vaccares. Action thriller based on Alistair MacLean's novel, starring David Birney, Charlotte Rampling and Michel Lonsdale (1974).
1.20 The Big E; ITN News Headlines.
2.25 It's Bizarre; ITN News Headlines.
3.15 European 9 Ball Pool Masters.
4.15 Get Stuffed.
4.30 BPM; Night Shift.

CHANNEL4

6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 Sign On. 12.30 pm Lata in Her Own Voice.

1.05 The Maitland and Morpeth String Quartet. Australian animation about a string quartet.
1.45 Racing from Newmarket and Longchamp. The 1.55 NGK Spark Plugs Quality Handicap Stakes, 2.25 Sun Chariot Stakes, 3.00 NGK Spark Plugs Performance Nursery Handicap, and the 3.40 William Hill Cambridgeshire Handicap from Newmarket. Plus, the afternoon's racing from Longchamp.
4.00 World Chess Championship. Coverage of the latest moves between Nigel Short and Garry Kasparov.
4.55 Racing Update. The latest from Longchamp.
5.05 Brookside.; News Summary.
6.30 Right to Reply. New series. Sheena McDonald presents viewers' opinions on TV programmes.
7.00 Out of Loyal Ulster. Two years ago, writer and director Desmond Bell interviewed a group of Protestant schoolchildren in Northern Ireland to analyse their attitudes toward the Troubles. Now he returns to the province to see if maturing into young adults has hardened their views on the violence, or whether they have become more tolerant.
8.00 World Chess Championship. Live coverage of the Nigel Short v Garry Kasparov match.
8.30 Whose Line is it Anyway? With American comedians Greg Proops, Ron West, Ryan Stiles and Brad Sherwood.
9.00 Cinefile: John Cassavetes. Peter Falk pays tribute to his long-time friend and colleague, film-maker and former actor John Cassavetes, who broke away from the cinematic mainstream with a series of deeply personal movies. The documentary reveals his contribution to the world of independent film-making and is followed by A Woman Under the Influence, a powerful and affecting character study which launches a season of his best work.
9.30 Film: A Woman Under the Influence. Oscar nominees Gena Rowlands and Peter Falk star in John Cassavetes' harrowing drama, with Matthew Cassel (1974).
12.15 World Chess Championship.
12.45 Film: Baby Face. A beautiful but ruthless bank clerk uses her charms to achieve success. Melodrama, starring Barbara Stanwyck and George Brent (1933).
2.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 The Littlest Hobo. 1.35 COPS. 2.00 The Superbug on Extra Tour. (1973) 3.45 The A-Team. 5.00 Anglia News and Sport 11.35 The Next Man. (1976)

BORDER:
12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Kick Off. 1.40 Granada Sport Action. 3.05 Superstars of Wrestling. 5.00 Border News and Weather 5.10 Sports Results. 11.35 The Next Man. (1976)

CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Knight Rider. 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match: Goals Extra. 11.35 Beverly Hills 90210.

CHANNEL:
12.30 Movies, Games and Videos. 1.05 Channel Diary. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 The Last Day. (TVM 1975) 3.55 WCW Worldwide Wrestling. 5.00 Channel News. 11.35 Frankenstein Must be Destroyed. (1969)

GRAMPIAN:
12.30 Cruinne-Ce. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus An Zee Zone. 2.45 Cuirm Cloinne. 2.55 Movies, Games and Videos. 3.25 Zorro. 3.55 WCW Worldwide Wrestling. 5.00 Grampian Headlines 5.05 Grampian News Review. 11.35 The Next Man. (1976)

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 1.40 Granada Sport Action. 3.05 Superstars of Wrestling. 5.00 Granada News 11.35 The Next Man. (1976)

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 Cartoon. 2.20 The Old Man Who Cried Wolf. (1970) 3.45 The A-Team. 5.00 HTV News and Sport 11.35 The Next Man. (1976)

MERIDIAN:
12.30 Movies, Games and Videos. 1.05 Meridian News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 The Last Day. (TVM 1975) 3.55 WCW Worldwide Wrestling. 5.00 Meridian News. 11.35 Frankenstein Must be Destroyed. (1969)

SCOTTISH:
12.30 Movies, Games and Videos. 1.05 Scotland Today. 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus an Zee Zone. 2.40 Vet School. 3.10 The Sullivans. 3.40 The A-Team. 5.00 Scotland Today 11.35 First Reels.

TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 George and Mildred. (1980) 3.45 Highway to Heaven. 5.00 Tyne Tees Saturday 11.35 A Lovely Way To Go. (1968)

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.10 Nigel Mansell's IndyCar '93. 1.40 The A-Team. 2.40 Porky Pig. 2.55 Dinosaurs. 3.25 Anybody Out There? 3.55 WCW Worldwide Wrestling. 5.00 Westcountry Weekend Latest. 11.35 The Next Man. (1976)

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 George and Mildred. (1980) 3.45 Highway to Heaven. 5.00 Calendar News. 11.35 A Lovely Way To Go. (1968)

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Noah's Ark. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day. 10.00 See Hear! 10.30 Winning. 11.00 Careering Ahead. 11.30 Measure for Measure.

12.00 Take Nobody's Word for It. The relationship between art and technology.
12.30 CountryFile.
12.55 Weather for the Week Ahead.
1.00 News.
1.03 On the Record. Interview with Douglas Hurd MP, foreign secretary.
2.00 EastEnders.
3.00 Film: The Lady Vanishes. Two passengers investigate the disappearance of an elderly woman during a train journey. Remake of the Hitchcock mystery, starring Elliott Gould and Cybill Shepherd (1979).
4.40 If the Worst Happens.
4.50 Stay Tooned.
5.15 Nanny Knows Best.
5.45 The Clothes Show. Jeff Banks investigates how high street stores are combatting the fall in consumer spending.
6.10 News.
6.25 Songs of Praise.
7.00 Keeping Up Appearances. Richard is horrified when Hyacinth resumes her search for a holiday home – will her choice be as modest as her henpecked husband hopes? Patricia Routledge stars.
7.30 Lovejoy. Charlotte's former boyfriend returns unexpectedly and asks her to move to Paris with him, forcing Lovejoy to try and prove that Suffolk has charms of its own. Starring Ian McShane, Chris Jury, Caroline Langrishe and Malcolm Tierney.
8.20 Birds of a Feather. Chigwell sisters Sharon and Tracey are unconcerned when Dorien's husband disappears – until their man-hungry neighbour starts digging up the garden.
8.50 News and Weather.
9.05 Screen One: Tender Loving Care. Chilling drama set in a Welsh hospital about an overstressed night nurse Elaine Dobbs (Dawn French in her first big dramatic role) who, along with adoring assistant Mary (Rosemary Leach), administers a sinister form of euthanasia to patients in her care.
10.25 Heart of the Matter. Joan Bakewell investigates how charitable people should behave now there are so many fraudulent beggars on the streets.
11.00 Shoulder to Shoulder. Period drama.
12.15 Weather.
12.20 Close.

BBC2

6.15 Open University. 9.10 System 93. 9.35 Albert the 5th Musketeer. 10.00 Jonny Briggs. 10.15 Rugrats. 10.40 Grange Hill. 11.00 Growing Up Wild. 11.25 Futurecooks. 11.50 The O Zone. 12.00 Stingray. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

1.40 Film: The Boy with Green Hair. A young boy becomes a social outcast when his hair changes colour. Dean Stockwell and Pat O'Brien star in this moral fantasy tale (1948).
3.00 Beyond Innocence. Part one. Fact-based drama chronicling the race between Germany and the Allies to build the first atomic bomb. (English subtitles).
4.40 World Chess Championship. Peter Snow presents a full round-up of the week's play in the Short v Kasparov match in London.
5.10 Rugby Special. Action from the English League and Japan's tour of Wales.
6.10 A Passion for Angling. Actor Bernard Venables joins Chris Yates and Bob James to go perch fishing in Hampshire's River Avon.
7.00 The Money Programme. Kenneth Clarke has warned that he may have to raise taxes in his first Budget due to the government being more than £50bn overdrawn. Economics correspondent Gerry Baker contrasts these figures with the situation five years ago when there was a surplus of £10bn, considers why Britain ran up such a debt, and examines the Chancellor's options for reducing it.
7.40 Nature by Design. How the use of colour and image in the animal kingdom is reflected in human society and commerce.
8.10 Hollywood UK. The successes and failures of the 1960s film-making boom. With contributions by Terence Stamp, Vanessa Redgrave and Rita Tushingham.
9.10 Q Milligan. Highlights from Spike Milligan's 1970s comedy series.
9.40 Terezin Concert. A celebration of music created in the Czech concentration camp, featuring pieces by Hans Krasa, Gideon Klein, Pavel Haas and Viktor Ullmann.
10.45 Film: Performance. A fugitive gangster engages in a bizarre battle of wills with a decadent rock star. Cult psychological thriller, starring James Fox and Mick Jagger (1970).
12.30 World Chess Championship. As the Karpov v Timman match moves to Muscat, Oman, Peter Snow looks at the play so far.
1.05 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden quizzes Mr Kenneth Clarke, the chancellor of the exchequer, about the possibility of tax increases in the near future.
2.00 Heidi.
2.30 The Sunday Match. Derby County v West Bromwich Albion. Live coverage from the Baseball Ground.
5.00 Murder, She Wrote. Jessica helps the police solve the murder of her old school teacher.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 Dr Quinn: Medicine Woman. The townsfolk react angrily when they discover a starving, orphaned immigrant has been stealing to feed his brothers and sisters. Jane Seymour stars.
7.30 Heartbeat. Return of the rural police drama, starring Nick Berry and Niamh Cusack. A break-in at the surgery has serious repercussions for a teenage girl who buys some of the stolen drugs. Kate helps a pregnant woman who fears she is about to lose her unborn child, and Greengrass seethes when his most cherished possession is stolen.
8.30 You've Been Framed! New series. Jeremy Beadle is back with another selection of home video howlers.
9.00 London's Burning. New series. The Blackwall firefighters are back with two new additions to the team. In the meantime, Bayleaf is involved in a horrifying road accident, while Sicknote has trouble shaking off the lovelorn Cynthia.
10.00 Hale and Pace. Near-the-knuckle comedy, with the award-winning duo.
10.30 ITN News; Weather.
10.40 London Weather.
10.45 The South Bank Show. Melvyn Bragg interviews British director Ken Loach, who found fame in the 1960s with the BBC TV plays Up the Junction and Cathy Come Home, and the feature film Kes.
11.45 Sail the World. The latest news and action as competitors in the Round-the-World Yacht Race head for Uruguay.
12.15 Cue the Music; ITN News Headlines.
1.15 War of the Worlds; ITN News Headlines.
2.05 Derrick.
3.05 Pro-Box Classics.
4.05 Island Son.
5.00 Crusade in the Pacific.

CHANNEL4

6.00 Early Morning. 9.30 Wowser. 9.45 Flipper. 10.15 Owl TV. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

1.10 Film: Rembrandt. Charles Laughton stars in Alexander Korda's acclaimed biopic of the great 17th century Dutch painter, whose last years were dogged by poverty and loneliness. With Gertrude Lawrence and Elsa Lanchester (1936).
2.45 Football Italia and Prix de L'Arc de Triomphe. Action between AC Milan v Lazio. Plus, coverage of today's Prix de L'Arc de Triomphe.
5.00 News Headlines.
5.05 The Arc. Further coverage from Paris of the Prix de L'Arc de Triomphe.
5.30 World Chess Championship. Moves from the Short v Kasparov match at the Savoy Theatre in London. Introduced by Carol Vorderman.
6.30 The Cosby Show.
7.00 Equinox. A look at how a child's development is affected by the sort of family in which he or she is raised.
8.00 Classic Motorcycles. A look at the myths surrounding Harley Davidsons and other classic motorcycles, which are seen as a sign of rebellion by a cross-section of people from Hell's Angels to hairdressers.
8.30 Screaming Reels. Nick Fisher spends the day angling for trout with George Melly, and Kerry Richardson is taught how to photograph fish.
9.00 Visionaries. Profile of American writer and activist Frances Moore Lappe, who for more than 17 years has campaigned to make charities realise that foreign aid to underprivileged countries can often do more harm than good.
10.00 Film: Wild at Heart. David Lynch's cult road movie mixes violence, eroticism and comedy in its portrayal of a young Elvis-obsessed ex-con and his lover who set off on a nightmarish journey across America pursued by a variety of bizarre and deadly characters. Nicolas Cage, Laura Dern, Diane Ladd, Willem Dafoe, Harry Dean Stanton and Isabella Rossellini star. Part of the Made in the USA season. (1990)
12.20 Film: Year of the Quiet Sun. Drama about an American ex-PoW and a Polish widow who embark on a romance in post-World War Two Germany. Maja Komorowska and Scott Wilson star (1984).(English subtitles).
2.20 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Help. 12.55 Anglia News. 2.00 Nigel Mansell's IndyCar '93. 2.30 Anglia Sport Special. 5.00 Bullseye. 5.30 Heirloom. 6.00 Anglia News on Sunday 10.40 Anglia Weather.

BORDER:
12.30 Gardeners Diary. 12.55 Border News. 2.00 The Great Balloon Adventure. (1978) 3.35 Highway to Heaven. 4.30 Scotsport. 5.30 Go for Goal. 6.00 Border Week. 6.15 Border News.

CENTRAL:
12.30 Take 15. 12.45 Central Newsweek. 12.55 Central News 2.00 1st Night. 2.25 The Mountain Bike Show. 2.50 The Central Match - Live. 5.05 Bullseye. 5.35 Life Goes On. 6.15 Central News 10.40 Central Weather. 11.45 Prisoner: Cell Block H.

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Cartoon. 2.15 Wanted: Dead or Alive. 2.45 Sunday Sport. 5.45 The Village. 6.15 Channel News. 11.45 Serve You Right.

GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.00 Sunday Morning. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Wild Flowers. 2.30 Highway to Heaven. 3.30 Nigel Mansell's IndyCar '93. 4.00 Sail the World. 4.30 Scotsport. 5.30 The Business Game. 6.00 Country Ways. 6.15 Grampian Headlines 10.40 Grampian Weather. 11.45 First Reels

GRANADA:
12.25 Close to the Edge. 2.00 Highway to Heaven. 2.55 True Grit. (1969) 5.15 Go for Goal. 5.45 Animal Country. 6.15 Granada News

HTV:
12.30 HTV News. 12.35 HTV Newsweek. 2.00 Striking Chords. 2.45 The West Match. 3.40 Championship Rugby. 3.55 Chopper Squad. (TVM 1978) 5.15 Dinosaurs. 5.45 Anybody Out There? 6.15 HTV News. 10.40 HTV Weather.

HTV Wales as HTV except:
12.35 Playback. 2.00 Cambria Depicta. 2.30 Heart and Soul. 3.00 Murder, She Wrote. 5.15 Highway to Heaven. 11.45 Wanted Dead Or Alive.

MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 2.00 Cartoon. 2.15 Wanted: Dead or Alive. 2.45 Sunday Sport – Live! 5.45 The Village. 6.15 Meridian News. 11.45 Serve You Right.

SCOTTISH:
10.15 Wemyss Bay 902101. 11.00 Link. 11.15 Sunday Morning. 11.45 Sunday Service. 12.30 Eikon. 12.45 Weir's Way. 12.55 Scotland Today. 2.00 The Hindenburg. (1975) 4.00 The $64,000 Question. 4.30 Scotsport. 5.30 The Business Game. 6.00 The Box. 6.15 Scotland Today 11.45 Sunday Morning.

TYNE TEES:
12.25 Lives in Focus. 12.50 Tyne Tees Newsweek. 2.00 Life Goes On. 2.55 Lost Flight. (TVM 1969) 4.50 Dinosaurs. 5.20 The Champions: Where Are They Now? 5.50 Tyne Tees Weekend. 10.40 Local Weather. 11.45 The Trials of Rosie O'Neill.

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Life Goes On. 3.00 Moon Pilot. (TVM 1962) 4.45 Champions. 5.15 Highway to Heaven. 6.15 Westcountry Weekend Latest.

YORKSHIRE:
12.25 Nawrang. 12.50 Calendar News. 2.00 Life Goes On. 2.55 Lost Flight. (TVM 1969) 4.50 Dinosaurs. 5.20 The Champions: Where Are They Now? 5.50 Calendar News and Weather 10.40 Local Weather. 11.45 The Trials of Rosie O'Neill.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 On the Town. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Bob Holness Requests the Pleasure. 7.00 Salutations. 7.30 German Classics. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Adult Education – East Meets West.
6.55 Weather.
7.00 Record Review.
12.00 Spirit of the Age.
1.00 News.
1.05 Replay.
1.25 The BBC Orchestras.
1.55 Songs by the Mighty Handful.
3.00 Vintage Years.
5.00 Jazz Record Requests. With Geoffrey Smith.
5.45 Music Matters. New series. The work of Strauss and Stravinsky.
6.30 Leslie Howard. Beethoven, Donizetti transcr Liszt, Gounod transcr Liszt, Lassen transcr Liszt.
7.25 Live From Covent Garden. Madame Butterfly by Puccini. Sung in Italian.
10.35 Connie's Place. A look at Tokyo's club scene.
10.50 Marjorie Whylie. The Jamaican pianist in concert, recorded at the Union Chapel, Islington.
12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Labour Party Conference.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse: Gondal Martyn Wade's play about Emily Bronte.
4.00 What If? Speculative debate on rail and road transport.
4.30 Science Friction.
5.15 Personal Obsessions.
5.25 Fourth Column.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib. The Hutterian Brethren of East Sussex.
7.20 Kaleidoscope. Portrait of Dame Iris Murdoch.
7.50 Saturday Night Theatre: Will and Testament. By Bill Lyons.
9.05 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Gentleman Jack from Halifax. The life of 18th century traveller Anne Lister.
10.45 The World of Anthony Trollope.
11.00 Richard Baker Compares Notes.
11.30 Deadlock. Kathleen Turner stars as VI Warshawski.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Superman: Doomsday and Beyond.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 News; British News; The World Today. 7.30 Europe Today. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports. 11.00 News; Jazz Now And Then; Letter From America. 11.30 Waveguide. 11.40 Book Choice. 11.45 From The Weeklies. 12.00 Newsdesk. 12.30 BBC English. 12.45 Mittagsmagazin: News in German. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 News; Sportsworld. 5.00 News; British News; BBC English. 5.30 Heute Aktuell: News in German. 6.00 News; Omnibus. 6.30 BBC English. 7.00 Newsdesk. 7.30 Heute Aktuell: News in German. 8.00 News in German. 9.00 News; Words of Faith; Personal View: Jazz For The Asking. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 News. 1.30 The John Dunn Show. 2.00 News; Play of the Week: Jennie's Story. 3.00 News. 3.30 From Hoplite To Harrier: A Radio History Of Warfare. 4.00 News; British News; Sports. 4.30 From Our Own Correspondent. 4.50 Write On.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 While There's a Song to Sing. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3
6.35 Open University: Social Science – The World and You.
6.55 Weather.
7.00 Sacred and Profane.
9.00 Brian Kay's Sunday Morning.
12.15 Music Matters.
1.00 News.
1.05 Great Orchestras of the World.
2.50 Alban Berg Quartet Play Schubert.
4.35 The BBC Orchestras. Britten and Malcolm Arnold.
5.45 Making Waves. A look back at the week's artistic events.
6.30 Eden and Tamir: Piano Duo. Arensky and Rachmaninov.
7.20 Sunday Play: The Jew of Malta. Last play in the Christopher Marlowe season.
9.30 Terezin Concert. Hans Krasa, Gideon Klein, Pavel Haas, Viktor Ullmann. Simultaneous broadcast with BBC2.
10.30 Music in Our Time. Kurt Schwertsik, HK Gruber, Lukas Ligeti.
12.05 Judicium Extremum.
12.30 News. 12.35 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 Paul Eddington. The Week's Good Cause.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Cut the Mustard.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: The Small House at Allington. Part three.
3.30 Pick of the Week.
4.15 Across the Border. Billy Kay visits the Anglo-Scottish border.
5.00 Way Out West. Hank Wangford explores the island of Inishbofin.
5.30 Poetry Please! A selection of light-hearted verse.
6.00 Six O'Clock News.
6.15 Pennine People. Social reformers the Fielden family.
6.30 New Europeans. Madrid.
7.00 In Business. EC environmental legislation.
7.30 A Good Read.
8.00 Rites of Passage.
8.30 Opinion.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Science Friction.
11.00 Conversation Piece. Sue MacGregor meets author Jung Chang.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 Tuth in Dark Places.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
1.40 Open Forum.
2.00 Writers' Weekly.
2.30 Room 101.
3.00 Sunday Sport.
6.00 My Dad Was In Colditz.
6.30 On the Road With.
7.20 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times GMT:
6.00 German Sunday Feature. 6.30 Composer Of The Month: Giacomo Puccini. 7.00 News; British News; Letter From America. 7.30 Jazz For The Asking. 8.00 News. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science In Action. 11.30 In Praise Of God. 12.00 News. 12.30 BBC English. 12.45 News and Press Review in German. 1.00 News Summary; Play of the Week: Jennie's Story. 2.00 Newshour. 3.00 News; Pilgrimages Of Hope. 3.30 Anything Goes. 4.00 News; Sportsworld. 4.45 Jazz Now and Then. 5.00 News; British News; BBC English. 5.30 News in German. 6.00 News; Business Review; BBC English. 7.00 News. 7.30 News in German. 9.00 News; Europe Today: phone in. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports. 12.00 News; Business Review; Ray On Record. 1.00 News. 1.30 In Praise Of God. 2.00 News Summary; Hair – A Critical Celebration. 2.45 The Cello On Record. 3.00 News. 3.30 Composer Of The Month: Giacomo Puccini. 4.00 News; British News; Sports. 4.30 Anything Goes.

CHESS

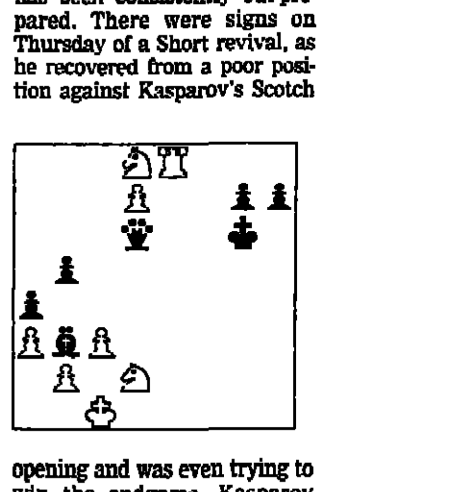
GRANDMASTERS are still arguing over how many wins Nigel Short missed against Gary Kasparov on Tuesday. Was it four, five or even seven? Short's squandered chances spoilt the fruits of brilliant pre-game homework, rumoured to be by his sacked guru Lubosh Kavalek.

If Nigel had taken all his clear opportunities so far in the PCA world championship, he would be 6½-4½ up and there would be packed houses at the Savoy Theatre. Instead he is 3-8 down.

Some say he is mesmerised by Kasparov's confident body language, but I believe he is haunted by the cumulative effects of his lifetime sequence of 23 games without a win against the Russian. Also, his poor results as Black in this match put extra pressure on him as White.

Short is quoted at 150-1 to become champion, with no takers. The questions now are whether he can salvage a consolation win before Kasparov reaches 12½ points, and whether Kasparov can break Lasker's all-time best winning margin of eight points.

In spite of his lead, Kasparov can hardly be creatively satisfied. By the standards expected of the all-time No 1, his chess has been sloppy, with many unforced errors; as Black, he has been consistently out-prepared. There were signs on Thursday of a Short revival, as he recovered from a poor position against Kasparov's Scotch



opening and was even trying to win the endgame. Kasparov himself has started to complain of fatigue. .

Short's blunder sequence began 32 Ne6? 32 Re6+! Bxe6 33 Nxe6 Qd7 (Qxe6 34 d8Q) 34 Nf8+ wins. Qh2 33 Nf4+? 33 Rf8! Kh6 34 Nd3? 34 Re1!? Qg1+ 35 Re1 At least Nigel avoided 35 Ne1? Qg4! threatening Qd1 mate and Qxd7. Qg5 36 Ne5? 36 Rh1+! Kg6 37 Ne5+ Kf5 38 Nc6 wins. g6 37 Rf1? 37 c4! Be6 38 Nf7+ 38 Rf8!? Bxf7 39 Rxf7 Qd5 40 Re7? 40 Ne4! Qd6 41 Rf7 Qd3 42 Ne4 Qe3+ 43 Nd2 Qd3 and a dazed Short agreed a draw.

Leonard Barden

BRIDGE

MY HAND today, which comes from rubber bridge,is most instructive.

N
♠ 7 5 2
♥ Q 5 3
♦ A 10 6 2
♣ A 7 3

W
♠ A J 9 6
♥ 9 8 6 2
♦ 3
♣ 10 8 6 5

E
♠ K 8 2
♥ K 10 4
♦ J 9 8 5
♣ J 9 4

S
♠ Q 10 4
♥ A J 7
♦ K Q 7 4
♣ K Q 2

With North-South vulnerable South dealt, and started with one no trump, promising 16-18 points. North's raise to three ended the auction.

West's opening lead of the spade six was taken by the king, East returned the eight, and West took three more tricks. On the last spade dummy and East discarded clubs and declarer discarded a diamond. West switched correctly to the five of clubs. Taking with dummy's ace, South returned a heart, and finessed the knave. When this held, he thought his contract was secure. He cashed king and queen of diamonds, but West failed on the second round and the declarer could gather only eight tricks.

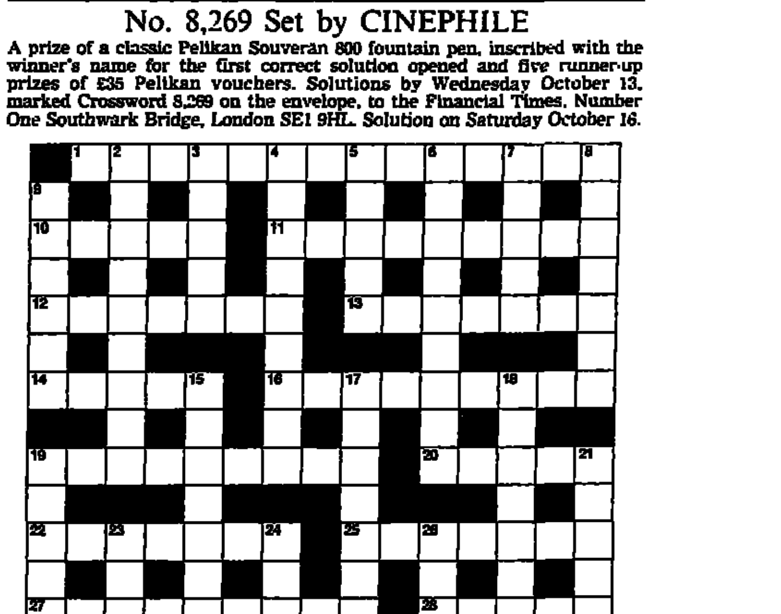
Could South have made nine tricks? Yes. On West's last spade discard the heart seven from hand, and not a diamond. To make the contract the heart finesse must be right and if East holds four diamonds to knave, we can catch him in a positional squeeze. We take the club switch in dummy, finesse the knave of hearts, and cash the ace. We know that West cannot guard diamonds, so we cash our club king and continue with the queen, throwing a diamond from the table. This squeezes East, forcing him to discard the heart king or a diamond. We make either four diamonds or three diamonds and the heart queen.

E P C Cotter

CROSSWORD

No. 8,269 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday October 13, marked Crossword 8,269 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 16.



Name.................................

Address.................................

ACROSS
1 Weapons for fireside auctioneer? (6,3,5)
10 Spiteful Americans may get so cornered (5)
11 Listen in – found out – never been done before! (7-2)
12 Part of rope's part of rope (7)
13 Erratum (mistake) of riper years? (7)
14 A reactionary attitude to an ancient Greek writer (5)
16 Express – don't eat what follows (4,5)
19 Quiet little treatment centre for allergy to fertiliser? (9)
20 Arrangement of frame? (3-2)
22 See vehicle number in Swiss resort (7)
25 Freedom from authority? (7)
27 Tailor's? No - change to barber's (9)
28 A big call to stop (5)
29 Weapons for those who want a stab at dominoes? (5,3,6)

DOWN
2 An end to wild oats as hors d'oeuvre (9)
3 Local authority – June could come next (5)
4 One who paints upper-class beast that chases women up first-class tropical tree (9)
5 Old Testament prophet, hardly human (5)
6 Doctor leaves cooking custard tart for Wittgenstein's work (9)
7 Bottom dollar in northern atmosphere (5)
8 Southern insult, almost – sort of yellow (7)
9 Plan to provide me with cash (6)
15 Journalism? (9)
17 Armoured with form of cell instead (5-4)
18 Thin? You breakfasted at ten! (5-4)
19 Tactful sort of body (7)
21 In extremes of piety a time without it (6)
23 Some poetry seems powerless with love (5)
24 Bulb on Holy Island with end removed (5)
26 Sound of family group with string attached (5)

Solution 8,268

A	C	C	O	L	A	D	E		E	D	I	T	O	R
R		U		A		E				I		E		E
M	O	N	O	P	O	L	Y		A	G	O	N	I	C
A		E		E		I		E		N		O		U
D	R	I	L	L		V	E	R	D	I	G	R	I	S
A		F				E		I		T				A
	G	O	L	F	E	R		C	H	A	N	S	O	N
C		R		R						R		A		T
R	E	M	A	I	N	S		C	O	Y	O	T	E	
O				C		W		L				E		C
S	I	N	G	A	P	O	R	E		M	A	L	T	A
S		O		S		P		A		O		L		N
B	A	N	I	S	H		A	V	E	R	S	I	O	N
O		E		E				E		O		T		E
W	I	T	H	E	R		P	R	I	N	C	E	S	S

Solution 8,257

	T	A	R	I	F	F		F	A	R	O	F	F	
	O		E		I				D		U		L	
B	R	A	V	E	S	T		B	O	A	T	M	A	N
	S		I		H		H		P		P		T	
H	O	U	S	E	P	L	A	N	T		O	N	U	S
			I		L		N				S		L	
	P	E	T	R	A		D	E	P	U	T	I	E	S
	R				T		S		E				N	
W	E	L	L	H	E	A	D		T	E	M	P	T	
	C		I				O		E		O			
A	I	M	S		P	O	W	E	R	P	O	I	N	T
	P		S		L		N		S		R		E	
P	I	L	O	T	E	D		S	H	R	I	V	E	L
	C		M		A				A		N		D	
	E	V	E	N	T	S		S	M	O	G	G	Y	

WINNERS 8,257: G.E. Fitchew, London SE 21; Mrs Laurie Wells, Woodbridge, Suffolk; H.R. Jarvis, Spalding, Lincolnshire; Neil Walton, Ashford, Kent; M.J.P. Fawcett, Guildford, Surrey; P.J. Gower, Leyburn, North Yorkshire.

A life on the Islington waves . . .

Lucy Kellaway discovers why today's young sea cadets find drill such a thrill

TUCKED IN behind the elegant squares of landlocked Canonbury, in north London, is a ship. This great vessel with its muster stations, its control room, its metal bunks, and its velvet and gold officers' mess, is in perfect working order and sets sail twice a week. On board are 40 inner-city youth saluting, stomping up and down and bellowing orders as if a gale was whipping around.

This is Islington's Sea Cadet Corps. Banned by the council from parading in Islington's parks and from recruiting members in the borough's schools, the unit is happy underground in its converted London Electricity Board sub-station on Canonbury Road.

All over the country there are some 16,000 boys and girls between 10 and 18 who each week put on their sailors' hats and shine their shoes until the can see their faces in the toe caps. They shake tin cans for good causes, play in military bands, have their uniforms inspected, learn old-fashioned, patriotic values and, if they are lucky, go to sea on their very own ship, the TS Royalist.

Even more out of kilter with civilian 1990s Britain are the grown up volunteers. By day they are lorry drivers or firemen, but at night are fearless leaders, immaculate in their sea dress and commanding the unquestioning obedience of their ship's company.

Lt Cmdr Bev Johns, Islington's commanding officer, is in the construction trade. He designed and built the Canonbury ship, and spends nearly every evening and weekend on sea cadet business. He is married to the movement: his handsome wife is his First Lieutenant, his grown up daughter, his Petty Officer.

The three of them run a tight ship. Kind and supportive to good boys and girls, they brook no opposition. Aspiring cadets are told what they are letting themselves in for from the outset: "We are on first name terms here, and my first name is spelt S-I-R", Johns tells each newcomer.

Those same "first name" terms apply to his wife and daughter: everyone on board is aware of their rank and behaves accordingly. Anyone who does not tow the line is told by Johns: "Knuckle under son, or it's O-U-T". He tells with satisfaction how he has recently done a little pruning among the older cadets who were "getting stroppy, not turning up, or not turning up in uniform".

There was no sign of stroppiness among the ships company on the Tuesday night I visited. At precisely 20.00 hours a bugle sounded and Lt Cmdr Johns and I joined the ship's company on deck. "One minute to colours" someone yells. "Ships company turn right and left". With perfect military timing about three dozen boys and girls do as they are told. Some giggle a little as I collide with a retreating flag bearer, but most are looking straight ahead, intent on the job in hand. Eventually, with a good deal more shouting and stamping, flags are hoisted, and the order "Colours completed!" goes out.

The bugle sounds again, and the company disperses into classes, to practice in the band, to learn the history of the sea cadets or to prepare to climb the greasy pole to the next rank up.

Upstairs in the officers' mess, which is modelled on Nelson's cabin in the Victory, a nine-year-old in full uniform stands ramrod straight, staring in front of him. "Sir!", he salutes as he places a plate of wafer biscuits on the table.

"He's my mascot", says Johns. "He first came here with his older brother, and used to be a real S-O-D, but look at him now."

Of the 40 cadets in his unit, Johns reckons only five or six have what he calls a "proper family life". For the rest he acts by turn as a surrogate father, a welfare officer and a vigilante. "We've had everything here", he says. "Females who've been sexually abused, males who've been sexually abused, children with burn marks." He has an effective way of dealing with fathers who beat up their children. "A young boy came here with a cut on his head. I decided enough is enough, and summoned two of my sergeants and we went round to see him. I said "If your son has one mark on his body, we'll be round to repeat whatever you have done to him."

After tea and biscuits in the mess we descend the precarious ship's ladder so that I can chat to the cadets themselves. The band's deafening rendering of *When the Saints Go Marching In* is interrupted, and Petty Officer Johns lines up a selection of cadets to be interviewed. "You! You! You!" she barks, picking out a selection and making sure each rank, sex and race is represented. They stand to attention in a line of declining seniority, and, like the Queen, I pass along saying a few words to each one.

Most said they joined because relations or friends were in the cadets, although one girl had been inspired by a visit to the Royal Tournament, and another had "read an advertisement in a book". All said they liked the drill, the band, the trips, the camping, the uniform. One 11-year-old simply liked "evryfink". They showed badges with pride: one has earned a cooks badge, another the badge of electrical engineer.

Indeed, they like it so well, that almost all want to join the Royal Navy or the Marines, so that they can go on being sea cadets forever.

The Islington sea cadets, it seems, are in blissful ignorance of the fact that navy and the marines are in retreat, and that the Wrens are to be wound up altogether. One boy said he was doing an arts and design course as a fall back, although most seemed to think that a future at sea was waiting for them.

Whatever the cadets themselves think, the movement's top brass has long ceased to justify its existance in terms of creating future sailors. The sea cadets, which are partly funded by, yet independent from, the navy, hope that their fortunes can wax even while those of the navy wane.

Captain Peter Grindal, a retired naval officer who has been running the cadets for a year, has a master plan for a nautical, rather than military youth organisation with a powerful social conscience. He has called in the image consultants, the advertising agencies, and the public relations experts, in the hope of increasing the number of cadets, and filling the movement's coffers with private money at the same time.

The advertising people have come up with the idea that being a sea scout is "Serious Fun". According to Grindal the serious bit involves teaching them to to "dress properly, stand still and do as they are told". It is about teaching young people "willing obedience and then as they get older teaching them to lead". The fun part is the messing about on boats and the camaraderie.

"We want to attract people for whom we can do the most, and that means the people who have the least. We give them a sense of belonging when they don't belong to anything else".

The cadets themselves are not just recipients of charity, but donors of it too. At Stoke Newington a group of 20 boys and 18 girls are to be found weeding and scrubbing graffiti off the local war memorial, and running bingo sessions at a nearby old peoples' home.

In spite of the good civilian work, the cadets remain heavily dependent on the navy for both money and magic. Should the Navy decide it can no longer afford to supply the £7m or so every year, the cadets would have to shake their tin cans very hard indeed. And should one day the uniforms go, one wonders if they would all turn up week after week if they could not indulge in the fantasy of the regiment at sea.

All pulling together: the Sea Cadet Corps inculcates some patriotic and old-fashioned values

Truth of the Matter/**Nigel Spivey**

Microchip harvest

CHURCH congregations will witness an event of mass self deception this weekend. In churches across Britain, hundreds of thousands, most with uncalloused hands and genteel voices, will launch themselves into that seasonally resonant chorus, *We Plough the Fields and Scatter*. It will be sung with enthusiasm, yet that enthusiasm will not hide the fact that probably none of the congregation has ever ploughed a single clod, and only a few allotment holders and keen gardeners know what it is to scatter seed.

Once upon a time the church faced the problem of integrating heathen rituals into the rhythms of the Christian year. Harvest festivals proved a successful example of compromise and adaptation, a satisfying ceremony in most church calendars, where quaint paganisms – the making of corn dollies, or the offering of first fruits – translated easily into a context of Christian thanksgiving.

But the festival has been sabotaged in two ways. Firstly, the global failure to co-ordinate food supply and demand has obliged western Christians to divert pieties of thanksgiving into pieties of guilt.

Second, the Christian symbolism has itself become quaint and looks, to many, outmoded. The ploughmen, if they are there, look to Brussels for their blessing, not heaven; and Brussels, if it is listening, has probably just commanded them not to plough at all. It seems clear that the church has failed to keep up with the times.

This is not necessarily an accusation. Quite apart from the religious consolation it already provides, the traditional harvest festival could be said to perform a useful social function. So many people have been atrophied from contact with the food chain that there is some value in preserving primal concerns about rain, sunshine, germination and yield. For, however it is packaged, the micro-waveable lasagne has not shed its dependence on those elemental factors.

An impartial judge would probably decide that a harvest festival is one of those romantic occasions which are the quintessence of most churchgoers' beliefs. But still there are clergy prepared to have their cake and eat it: maintain domestic structure, and give it a gloss of the contemporary.

Rev Peter Hayler is one. He is the chaplain attached to the Science Park, at Cambridge.

He styles his own forthcoming harvest festival as a public relations event for the church. The celebration is explicitly aimed at creating a new opportunity for collective gratitude, for the "harvest" there is taken to mean products, services, and even ideas. There will be no piles of marrows at the altar, but rather a display along the aisles church, featuring the trials and successes of companies based at and around the science park.

It remains to be seen just how the microchip specialists and ink-jet printers will rise to the challenge Hayler has laid down, but one thing is certain: their representatives will not be asked to sing *We plough the fields and scatter*.

Most vicars will admit that it is a thankless effort, to get the congregation to sing new hymns. We cling to the melodies and phrases of our past. So Peter Hayler has compromised his service, and inserted hymns which feature words modern but tunes ancient. And he has even adapted one of these modern hymns for his own particular Science Park flock. It goes to the tune of *All Through the Night* and then:

For the fruits of his creation,
Thanks be to God,
For the life of innovation,
thanks be to God
For the planning, buying, dealing, formulations full of meaning,
All that research is revealing,
thanks be to God.

As its author would agree, this is not classic hymnnology, nor likely to become so. But it makes a change from ploughing and scattering: and he may rightly claim that change is better than decay.

As They Say in Europe/**James Morgan**

The confusing route to press freedom

The grisly picture is an essential part of the Mediterranean story

SPENDING a few days in the US always leads, at least in my case, to a renewed awareness of the prestige of newspapers and the written word. I was first struck by a story in the *New York Times* last weekend which opened with the words, "On an April evening this year, three women stopped outside the student union building building at Pennsylvania State University and began throwing thousands of copies of a conservative-run newspaper into their car, plunging the campus into a debate over free speech and the limits of protest."

The problem had arisen over the paper's depiction of a female columnist on a rival publication wearing a bikini. In the cartoon she sits on a bed whose headboard reads, "feminist at work." A professor of women's studies at the university called the theft of the newspapers a legitimate response to the paper's campaign of harassment against women.

The next day the same paper carried a front page story about the mandatory sexual consent workshops that are part of student life at Antioch College in Ohio. The code, in the words of its advocate, one Karen Hall, starts: "If you want to take her blouse off you have to to ask." It continues with a litany of injunctions (I will not communicate them in a respectable newspaper) that end always end with "... you have to ask."

This awareness of the role of the law and the word in relations between the sexes in the US was further enhanced by a campaign launched by the powerful gun lobby, the National Rifle Association.

It is putting advertisements in the *Ladies' Home Journal*. You do not actually see a picture of an M-16 nestling against publicity material for Calvin Klein's Obsession, just a plea to consider the nature of the right to own an M-16.

In western Europe there is nothing to match the rich variety of American freedoms and debate, nothing like the argument over whether the theft of newspapers is a form of "counterspeech."

And no young man believes that his assumed right to investigate the intricacies of his girlfriend's blouse might lead to his being blown away by a semi-automatic rifle as the woman asserts her right to say, "No!"

In Europe there are few strict laws on rights and wrongs: incitement to racial hatred is one example, but rarely does a legal debate ensue.

Among the variations are the rigid British rules on reporting judicial matters: you can read that the "murderer has been taken into custody" in the papers of almost any country. But in Britain one can go no farther than "a man is helping police with their inquiries." At times news stories become virtually incomprehensible as a result, since these "inquiries" may take place years after the original incident.

In the Mediterranean, it is not the word (and certainly not prisoner's rights) that is sacred but the picture. Picture book news is an essential part of Latin culture and accounts for the success of a magazine like *Hola!* In Spain people know how to read the pictures.

They note that in British newspapers there are never pictures of mutilated corpses, nasty wounds, or grimacing heads poking out of the ends of stretchers. The grisly picture is an essential part of the Mediterranean story, the public's right to know.

In the US the result is similar, for pictures enjoy the protection of legislation guaranteeing freedom of speech, even pornographic pictures are protected by the First Amendment even though they are decorated by scarcely a word of print.

In Britain the concept of the "inalienable right" seems to apply most importantly to the right to publish trivia. These include information on the identity and habits of cabinet ministers' mistresses, the long-forgotten misdemeanours of those who appear in television soap operas and speculation about what members of the royal family might have said in private.

But the "right of the public to know," as it is called, does not apply to information on how decisions are reached to impose new forms of taxation or to the nature of the advice received by those who run the affairs of the nation.

In the US if newspapers wish to find out about such matters there are no laws to stop them, in Germany they leak out through the amazingly diverse components of the power structure in that country. But there "the right to know" seems to consist of the absolute right of German newspaper readers to know what journalists think, for the opinions of these important people are given pride of place on the front page of the better sort of paper. That presumably is a reaction to the earlier situation where the opinion of only one person appeared.

So it is that what one nation regards as an absolutely essential element of a free society is prohibited or despised in another. How can those peoples who have so recently embarked on the road to freedom and democracy must be dazed and confused by the conflicting choice of routes on offer?

■ *James Morgan is economics correspondent of the BBC World Service.*